

H. R. 10100. An act to establish the composition of the United States Navy, to authorize the construction of certain naval vessels, and for other purposes; and

H. J. Res. 582. Joint resolution making an appropriation to enable the United States Maritime Commission to establish the marine and war-risk insurance fund.

On July 31, 1940:

H. J. Res. 583. Joint resolution making an additional appropriation for the Tennessee Valley Authority for the fiscal year 1941 to provide facilities to expedite the national defense.

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 4 minutes p. m.) the House adjourned until tomorrow, Thursday, August 1, 1940, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. Wednesday, August 7, 1940, in room 445 House Office Building, for the consideration of refugee bills H. R. 10083, H. R. 8502, H. R. 8497, H. R. 10150, H. J. Res. 580, and H. J. Res. 581.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. TAYLOR: Committee on Appropriations. H. R. 10263. A bill making appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes; without amendment (Rept. No. 2810). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES of Texas: Committee on Agriculture. S. 4107. An act to transfer the jurisdiction of the Arlington Farm, Virginia, to the jurisdictions of the War Department and the Department of the Interior, and for other purposes; with amendment (Rept. No. 2811). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 9815) granting a pension to Jack N. Nelson, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SECREST:

H. R. 10264. A bill to provide for a 1-year enlistment period for the Army, Navy, and Marine Corps, and to increase the minimum pay of enlisted men in the Army, Navy, Marine Corps, and Coast Guard; to the Committee on Military Affairs.

By Mr. GIBBS:

H. R. 10265. A bill to legalize the construction by the State Highway Board of Georgia of a free highway bridge across the Withlacoochee River at Horns Ferry, between Valdosta, Ga., and Madison, Fla.; to the Committee on Interstate and Foreign Commerce.

By Mr. LANDIS:

H. R. 10266. A bill to provide that enlistment in the Regular Army shall be for 1 year and that the lowest monthly base pay for enlisted men in the Regular Army and Marine Corps shall be \$30; to the Committee on Military Affairs.

By Mr. LANHAM:

H. R. 10267. A bill to authorize the Administrator of Veterans' Affairs to grant an easement in a small strip of land at Veterans' Administration Facility, Los Angeles, Calif., to the county of Los Angeles, Calif., for sidewalk purposes; to the Committee on Public Buildings and Grounds.

By Mr. CHURCH:

H. R. 10268. A bill to amend the act of June 28, 1940, entitled "An act to expedite national defense, and for other purposes;" to the Committee on Naval Affairs.

By Mr. DIMOND:

H. R. 10269. A bill to authorize a preliminary examination and survey of Salmon Creek, in the Territory of Alaska, in the vicinity of Juneau, Alaska, for flood control, for run-off and water-flow retardation, and for soil-erosion prevention; to the Committee on Flood Control.

By Mr. WOLCOTT:

H. R. 10270. A bill authorizing the conveyance of real property heretofore used by the United States Coast Guard and Light House Service to the county of Huron, Mich.; to the Committee on Merchant Marine and Fisheries.

By Mr. VINSON of Georgia:

H. R. 10271. A bill to provide for the appointment of certain persons as commissioned or warrant officers in the Naval Reserve, and for other purposes; to the Committee on Naval Affairs.

H. R. 10272. A bill to repeal the first proviso to the appropriation for "Miscellaneous expenses," as contained in title I of the Naval Appropriation Act for the fiscal year ending June 30, 1941 (Public, No. 588, 76th Cong., 3d sess.); to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRYSON:

H. R. 10273. A bill for the relief of Vernon Atkison; to the Committee on Claims.

By Mr. McCORMACK:

H. R. 10274. A bill for the relief of George E. Collins; to the Committee on Naval Affairs.

By Mr. FENTON:

H. R. 10275. A bill for the relief of Arthur G. Moyer; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9092. By Mr. LYNCH: Resolution of the Port Morris Community Council, Bronx, N. Y., urging that provision be made for availability to the Negro for entrance into the Air Corps of the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

9093. By Mr. ROMJUE: Petition of the Springfield Committee to Defend America, Springfield, Mass., urgently requesting the President, Senators, and Representatives to take immediate action to insure the rapid armament of the United States until it has an impregnable national defense; to the Committee on Military Affairs.

9094. By Mr. LUTHER A. JOHNSON: Memorial of Hon. Beauford H. Jester, of Corsicana; Hon. Frank A. Woods, of Franklin; Hon. J. P. Clark, mayor of Ennis; and Messrs. Harry Slabotsky, K. P. Chinn, and T. M. Spence, of Ennis, all of the State of Texas, opposing Senate bill 3920 and House bill 9706 and favoring Senate bill 3925 and House bill 10082; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, AUGUST 1, 1940

Rev. Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

Almighty and everlasting God, who art always more ready to hear than we to pray, and art wont to give more than either we desire or deserve: Pour down upon us the abundance of Thy mercy and grant to us the spirit to think and do only such things as are right, that we, who cannot do anything that is good without Thee, may, by Thee, be enabled to live according to Thy will. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day of Tuesday, July 30, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a bill (H. R. 10263) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 4037) to confer jurisdiction upon the United States District Court for the Western District of Kentucky to hear, determine, and render judgment upon the claim of Theodore R. Troendle, for the Dawson Springs Construction Co., and it was signed by the President pro tempore.

ENROLLED JOINT RESOLUTION SIGNED DURING ADJOURNMENT

Under authority of the order of the 30th ultimo, on July 31, 1940, the President pro tempore signed and enrolled joint resolution (H. J. Res. 583) making an additional appropriation for the Tennessee Valley Authority for the fiscal year 1941 to provide facilities to expedite the national defense, which had been signed previously by the Speaker of the House of Representatives.

CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Davis	La Follette	Reynolds
Andrews	Donahay	Lee	Russell
Ashurst	Frazier	Lodge	Schwartz
Austin	George	Lucas	Schwellembach
Bankhead	Gerry	Lundeen	Sheppard
Barbour	Gibson	McCarran	Smathers
Barkley	Gillette	McKellar	Taft
Bilbo	Green	McNary	Thomas, Idaho
Bone	Guffey	Maloney	Thomas, Okla.
Bridges	Gurney	Mead	Thomas, Utah
Burke	Hale	Miller	Tobey
Byrd	Harrison	Minton	Tydings
Byrnes	Hatch	Neely	Vandenberg
Capper	Hayden	Norris	Van Nuys
Caraway	Herring	Nye	Wagner
Chandler	Hill	O'Mahoney	Walsh
Chavez	Holman	Overton	Wheeler
Clark, Idaho	Holt	Pepper	White
Clark, Mo.	Johnson, Calif.	Pittman	Wiley
Connally	Johnson, Colo.	Radcliffe	
Danaher	King	Reed	

Mr. MINTON. I announce that the Senator from California [Mr. DOWNEY] is absent because of illness.

The Senator from North Carolina [Mr. BAILEY], the Senator from Michigan [Mr. BROWN], the Senator from South Dakota [Mr. BULOW], the Senator from Louisiana [Mr. ELLENDER], the Senator from Virginia [Mr. GLASS], the Senator from Delaware [Mr. HUGHES], the Senator from Montana [Mr. MURRAY], the Senator from Illinois [Mr. SLATTERY], the Senator from South Carolina [Mr. SMITH], the Senator from Tennessee [Mr. STEWART], and the Senator from Missouri [Mr. TRUMAN] are unavoidably detained from the Senate.

Mr. AUSTIN. I announce that the Senator from Minnesota [Mr. SHIPSTEAD] and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent.

The PRESIDENT pro tempore. Eighty-two Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

Mr. TYDINGS presented the petition of members of Maryland Chapter, National Legion Mothers of America, Balti-

more, Md., praying that the United States keep out of war, that the so-called Johnson Act be not repealed, and that Congress remain in session during the existing crisis, which was referred to the Committee on Foreign Relations.

He also presented the petition of members of Maryland Chapter, National Legion Mothers of America, Baltimore, Md., praying that the letter of resignation of Hon. Harry H. Woodring as Secretary of War be published in full, which was referred to the Committee on Military Affairs.

Mr. REED presented memorials of 232 citizens of Inman, McPherson County, Kans., remonstrating against the enactment of compulsory military training legislation, which were referred to the Committee on Military Affairs.

Mr. VANDENBERG presented a memorial of sundry citizens of Fulton, Mich., remonstrating against the enactment of compulsory military training legislation, which was referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES

Mr. GEORGE, from the Committee on Finance, to which was referred the bill (S. 3778) to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," approved June 26, 1930, reported it with an amendment and submitted a report (No. 1988) thereon.

Mr. RADCLIFFE, from the Committee on Finance, to which was referred the resolution (S. Res. 200) directing the Tariff Commission to investigate the production costs of crab meat, crab paste, and crab sauce (submitted by Mr. RADCLIFFE on January 4, 1940), reported it without amendment.

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 4120) authorizing the Secretary of War to accept a gift of lands from the city of Tucson, Ariz., reported it without amendment and submitted a report (No. 1989) thereon.

Mr. SCHWELLENBACH, from the Committee on Claims, to which was referred the bill (H. R. 554) for the relief of Meta De Rene McLoskey, reported it without amendment and submitted a report (No. 1990) thereon.

INVESTIGATION OF RAILROADS, HOLDING COMPANIES, AND AFFILIATED COMPANIES

Mr. WHEELER (for himself and Mr. TRUMAN), from the Committee on Interstate Commerce, submitted additional reports of that committee, pursuant to Senate Resolution 71 (74th Cong.), authorizing an investigation of interstate railroads and affiliates with respect to financing, reorganizations, mergers, and certain other matters, which were ordered to be printed, as follows:

Missouri Pacific system—Acquisition of Fort Worth Belt Railway Co. (Rept. No. 25, pt. 10); and

Market operations with railroad funds—Missouri Pacific purchases of system securities and related accounting practices (Rept. No. 25, pt. 11).

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on July 30, 1940, that committee presented to the President of the United States the enrolled bill (S. 3200) to provide for the rank and title of lieutenant general of the Regular Army in the military departments of Panama and Hawaii.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NYE:

S. 4229. A bill conferring jurisdiction upon the United States District Court for the District of North Dakota to hear, determine, and render judgment upon the claim of Edla H. Fyten; to the Committee on Claims.

By Mr. SHEPPARD:

S. 4230. A bill to amend certain sections of the Federal Credit Union Act, approved June 26, 1934, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. BURKE:

S. 4231. A bill for the relief of Guy F. Allen, chief disbursing officer, Treasury Department, and for other purposes; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

S. 4232. A bill for the relief of the Eastern Cherokees;

S. 4233. A bill for the relief of the Eastern and Western Cherokees; and

S. 4234. A bill to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes; to the Committee on Indian Affairs.

By Mr. DONAHEY:

S. 4235. A bill for the relief of Mrs. Thomas A. Panter; to the Committee on Claims.

By Mr. RUSSELL:

S. 4236. A bill for the relief of Ida Valeri; to the Committee on Immigration.

By Mr. WHEELER:

S. 4237. A bill declaring certain members of the Crow Tribe of Indians to be members of the competent class of members of such tribe; to the Committee on Indian Affairs.

By Mr. BARBOUR:

S. J. Res. 287. Joint resolution to limit the emergency powers of executive officers of the United States; to the Committee on Military Affairs.

By Mr. KING:

S. J. Res. 288. Joint resolution proposing an amendment to the Constitution of the United States providing for national representation for the people of the District of Columbia; to the Committee on the Judiciary.

HOUSE BILL REFERRED

The bill (H. R. 10263) making supplemental appropriations for the national defense for the fiscal year ending June 30, 1941, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

FOREIGN ACCOUNTS IN FEDERAL RESERVE BANKS—AMENDMENTS

Mr. ADAMS submitted amendments intended to be proposed by him to the bill (S. 4174) relating to foreign accounts in Federal Reserve banks, which were ordered to lie on the table and to be printed.

AMENDMENT OF FEDERAL RESERVE ACT—AMENDMENTS

Mr. ADAMS submitted amendments intended to be proposed by him to the amendment proposed by Mr. BROWN to the bill (H. R. 10127) to amend the Federal Reserve Act, and for other purposes, which were ordered to lie on the table and to be printed.

SELECTIVE COMPULSORY MILITARY TRAINING—AMENDMENTS

Mr. GREEN submitted an amendment and Mr. ELLENDER submitted three amendments intended to be proposed by them, respectively, to the bill (S. 4164) to protect the integrity and institutions of the United States through a system of selective compulsory military training and service, which were severally referred to the Committee on Military Affairs and ordered to be printed.

ACTIVE SERVICE FOR THE NATIONAL GUARD, ETC.—AMENDMENTS

Mr. BARBOUR submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 286) to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service, which was ordered to lie on the table and to be printed.

Mr. BILBO. Mr. President, I wish to offer an amendment, and have it read, to put the Senate on notice. It is an amendment intended to be proposed by me to the joint resolution (S. J. Res. 286) to strengthen the common defense and to authorize the President to order members and units of reserve components and retired personnel of the Regular Army into active military service.

The PRESIDENT pro tempore. Without objection, the amendment will be read.

The Chief Clerk read as follows:

At the end of section 3 insert the following new subdivision:

"(f) Any member of the National Guard under 21 years of age who was registered in and attended any high school, junior college,

college, academy, or any other educational institution of learning during the session of 1939-40 and who did not graduate or finish the course prescribed by such school shall be exempt from the provisions of this act in order that he may pursue or finish his course in such school."

The PRESIDENT pro tempore. The amendment submitted by the Senator from Mississippi will lie on the table and be printed.

LETTER FROM THE ACTING SECRETARY OF THE INTERIOR—CHIPPEWA INDIAN LANDS—CHANGE OF REFERENCE

On motion by Mr. PITTMAN, the Committee on Foreign Relations was discharged from the further consideration of a letter from the Acting Secretary of the Interior, dated May 25, 1940, transmitting a draft of proposed legislation to amend section 2 of the act of April 13, 1938, entitled "An act to provide for a flowage easement on certain ceded Chippewa Indian lands bordering Lake of the Woods, Warroad River, and Rainy River, Minn., and for other purposes," and the letter (with enclosure) was referred to the Committee on Public Lands and Surveys.

MILITARY CONSCRIPTION—EDITORIAL FROM DETROIT FREE PRESS

Mr. VANDENBERG. Mr. President, I ask unanimous consent to print in the Appendix of the RECORD a courageous and invincible editorial from the Detroit Free Press entitled "Democracy, Conscription's Victim."

The PRESIDENT pro tempore. Is there objection?

Mr. ASHURST. Mr. President, if the editorial is printed in the Appendix of the RECORD it will not have the publicity it should have. I ask unanimous consent that it be read.

Mr. VANDENBERG. I certainly have no objection to that being done.

Mr. BARKLEY. Mr. President, I was otherwise engaged. I inquire what is the article?

Mr. VANDENBERG. I merely asked that an editorial from the Detroit Free Press be printed in the Appendix. The Senator from Arizona has asked that it be read. I have no objection to having that done.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Arizona that the editorial be read?

There being no objection, the editorial was read by the Chief Clerk, as follows:

[From the Detroit Free Press of July 31, 1940]

DEMOCRACY, CONSCRIPTION'S VICTIM?

The congressional hearings on the proposed conscription bill should be deliberate enough to determine three things:

How much is the demand for a total military and civilian dictatorship over the manpower of the Nation due to a realistic attitude?

How much is it due to plain hysteria?

How much of it is due to politics?

These questions should be fully answered now so that the people may have complete understanding.

A peacetime totalitarianism is a far graver violation of tradition than any proposal for a third term.

The latter is a simple issue. The people understand it and have a right to accept or reject it as they please.

But compulsory service for all men between the ages of 18 to 64, with broad authority for the President to call on anybody as he chooses for any kind of duty, military or otherwise, is another matter. It is not easily understood.

The American people are being asked to give away their liberties with no assurance that they will ever get them back.

They are being lead to believe that war is imminent. It is characteristic of Americans to respond instinctively to any call to patriotic duty.

It is not at all surprising that one poll shows 67 percent of the people are in favor of some form of conscription. They responded in the same manner when President Wilson issued his draft call.

But are they not now voting in the same spirit in the belief that we either are already at war or are about to be plunged into one?

Is it not possible that they have been whipped into such a fever of emotionalism that they believe this is the one way to save America?

If that is the case, they have been misled.

The best of our military experts do not believe that any such massing of manpower—42,000,000 men and boys—is necessary.

At the outside figure they are interested only in an army of 750,000 soldiers. More, they would not know what to do with the 2,000,000 men Mr. Roosevelt talks about.

What of the other 40,000,000? Out of the clouds of oratory and tub thumping the idea seems to loom that they would be

regimented into various industries and civic duties—regimented as was the total manpower of Germany.

As to this phase of the problem the career men in the Army have nothing to say. That is all outside their tasks. They might get 2,000,000 men, but any politically minded administration would have complete control over the other 40,000,000.

"But," the war-minded at Washington in both parties argue, "this is necessary if we are to meet the Hitler invasion when it comes."

"When it comes!" That is the spur. Yet military experts have no idea that it is coming next week or next year or the year after, if ever. The career men cannot talk. However, the Free Press here offers quotations from three world-famous writers on military matters who are not given to hysterics, who are not running for office, and who strive hard to see things as they are.

First, there is Col. Frederick Palmer, recognized as one of the greatest living authorities on war. He was the official press representative for the A. E. F. in France and was awarded the Distinguished Service Medal for his work. For years, though an American, he was the military expert for the London Times.

Is he excited? Not a bit! He says:

"Whence and in what strength will any attack upon us come? * * * Will our impatience for speed in our vast preparations defeat the very object for which we are striving?"

Japan? He points out that Japan has its hands full right now with China and will have for some years to come without taking us on. "This," he says, "dismisses any immediate danger on the Pacific coast."

But there is the Atlantic—and Hitler? Palmer calls attention to the simple fact that neutral military observers now agree that Germany had no "wonder army that wrought a military miracle." Germany really had no opposition, with France collapsing before a real fight started.

"Consequently there is no reason why we should be scared or overimpressed by German might as touched by some kind of hellish totalitarian magic."

Palmer even questions that Hitler can possibly defeat England across those 22 miles of turbulent waters. But supposing he does? What then?

"Hitherto Hitler's sea tactics have been negative and destructive. Now he must have surface sea command himself. His position is reversed. He must protect his convoys across the Atlantic."

Palmer first predicts the failure of the British campaign and then shows how utterly impossible it would be for Hitler to bring his army across to our shores. The danger is not immediate. "Our danger is," he concludes, "that we shall get an extravagant, unbalanced preparedness whose continuance we shall neglect when we are lulled into security, with the result that one day an enemy, or group of enemies, will get the jump on us."

This is taking the long view—a consideration of the years and not the days.

The whole program for conscription could go over until after the fevers of the coming election without in any way endangering America—as long as industry maintains equipment production. Then we might think more sanely.

The President has asked that the National Guard be mobilized to meet some immediate danger, the nature of which he does not state. If the guard is called out, it will take 6 months at least to furnish it sufficient equipment to put it on a battle-worthy basis.

The Presidential campaign will be over in 3 months. So what could be done with 2,000,000 raw civilians in that time?

This rush program does not make sense.

Second. There is Hanson W. Baldwin, military expert for the New York Times. How could Germany land a sufficient number of troops on this continent to require such a vast standing army to overcome them? He says:

"The maximum initial force that could be transported, even if control of the sea were wrested from us, would not be much larger than 50,000 men. The transportation of such a force would require 375,000 tons of shipping—perhaps 40 ships—about the largest force that could conveniently be conveyed in a single operation."

"To supply such a force might require from 650,000 tons of shipping to 2,000,000 tons monthly; in other words, perhaps half the tonnage of the German merchant marine would have to be devoted solely to the job of supplying 50,000 soldiers. If this force were to be doubled, the shipping tonnage necessary would be doubled; to supply an army of 1,000,000 men in this hemisphere would require at the very least 13,000,000 tons of shipping."

"Economically and commercially the problem seems impossible; not even Britain or a combination of Britain and Germany has sufficient shipping to divert such an enormous amount of it from their ordinary and vital trade routes to military purposes."

The third of this triumvirate of famed military authorities is Maj. George Fielding Eliot, war expert for the New York Herald-Tribune and Life Magazine, and author of the widely read book on American preparedness, *The Ramparts We Watch*.

"Nothing could be worse," he writes, "than to give our own people and the peoples of the rest of the world the idea that we are going to have, or are even on the point of creating, a vast citizen army of millions. We cannot do this for a long time."

"We ought not to try to build up such an army on any half-baked basis. If we have learned anything from the present war, it is the need of ample training. * * * Let us all know exactly what we are doing—let us all know, not just the White House coterie and the general staff."

"Let us not forget that we are primarily a sea power. * * * There may be other ways of improving the national morale besides

spending more than is necessary on an army which, if it passes the size needful for hemisphere missions, may well become an instrument useful only for overseas adventures—perhaps for a ghastly holocaust in Europe.

"We should be quite clear on one point: That we do not propose to furnish the manpower for any invasion of the European continent. It will be much better not to create any instrument of war which can be useful for that purpose."

"It all gets back to the lack of any coordinated, well-weighed plan for our defense. * * * We should do our thinking now while we have the time. And we should appoint able and experienced experts to do the job of translating thought into concrete and complete plans upon which to base our expenditures and our labors."

By common public acceptance these three men know what they are talking about. They are nonemotional and nonpolitical students of military preparedness and the arts of warfare.

The free press does not question the sincerity of President Roosevelt in his drive for preparedness, but it is forced at times to question his judgment because, in the very ardor of his cause, he lets his enthusiasm and his emotions run away with him—as is well evidenced by that "stab in the back" speech at Charlottesville and his proposal to "quarantine aggressor nations" in his Chicago address in 1937.

The issue involves too vital a change in our whole concept of American life not to speak out bluntly about it.

The American people should not be lulled to sleep by grandiose talk. Our dangers from abroad are not one-half so real as the danger within our own borders. It may well be that the very life of democracy itself is at stake here.

Why, then, all the mad, precipitate rush?

If the Members of the United States Congress do not weigh carefully all the factors involved, if they do not permit the people full and open hearings so that they will have complete understanding, then they will be derelict in their duty and recreant to a sacred trust.

Let the people know that once they have bent their necks to the yoke of regimentation there is no turning back. The bands will play martial music, the flags will fly—and we, a once free people, may march to the goosestep under a totalitarian government.

TRIBUTE TO THE LATE SENATOR LOGAN

[Mr. DAVIS asked and obtained leave to have printed in the RECORD an address delivered at the grave of Senator M. M. Logan by George McComb, in a Memorial Day service held by the Independent Order of Odd Fellows on May 30, 1940, which appears in the Appendix.]

ADDRESSES BY SENATOR LA FOLLETTE AND COL. HENRY BRECKENRIDGE ON AID FOR DEFENSE OF BRITISH ISLES

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD radio addresses by Col. Henry Breckenridge and himself on the topic *Should We Fight the Nazis To Defend the British Isles?* which appears in the Appendix.]

ADDRESS BY SENATOR PEPPER AT HARVARD UNIVERSITY ON AMERICAN DEFENSE

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an address delivered by him at Harvard University on July 30, 1940, under the auspices of American Defense Group of Harvard University, which appears in the Appendix.]

STATEMENT BY SENATOR PEPPER ON UNIVERSAL CONSCRIPTION

[Mr. PEPPER asked and obtained leave to have printed in the RECORD a statement by him on the subject *Should the United States Require Universal Conscription?* published in the Times Union, of Jacksonville, Fla., on Sunday, July 28, 1940, which appears in the Appendix.]

ADDRESS BY WILLIAM RICHEY AT BRYAN MEMORIAL BREAKFAST

[Mr. BURKE asked and obtained leave to have printed in the RECORD an address delivered by William Richey, of Omaha, Nebr., at the William Jennings Bryan memorial breakfast held in connection with the 1940 Democratic National Convention in the Hotel Sherman at Chicago, Ill., on July 17, 1940, which appears in the Appendix.]

LETTER FROM MRS. LILLIAN L. VAN BURGH ON OLD-AGE PENSIONS

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD a letter on the subject of Old-Age Pensions, addressed to him by Mrs. Lillian L. Van Burgh, of Casper, Wyo., which appears in the Appendix.]

APPROPRIATIONS FOR ARMY AND AIR CORPS AND NAVY AND BUREAU OF AERONAUTICS, 1920-41

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD a table showing appropriations for the Army and the Air Corps from 1920 to 1941, and for the Navy and the

Bureau of Aeronautics for the same period, which appears in the Appendix.]

LETTER AND DISCUSSION BY COLONEL FLEMING ON HOURS-OF-LABOR
CEILING

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD a letter addressed by Col. Philip B. Fleming, Administrator of the Wage and Hour Division, Department of Labor, to the President of the United States, in relation to the question whether, in the light of the national-defense emergency, it would be necessary to raise the ceiling for hours of labor, and also a radio discussion on the same subject by Colonel Fleming and Mr. Osgood Nichols, of the Information Branch of the Wage and Hour Division, which appear in the Appendix.]

AGREEMENT AT HABANA—EDITORIAL FROM WASHINGTON POST

[Mr. LUCAS asked and obtained leave to have printed in the RECORD an editorial from the Washington Post of July 31, 1940, entitled "Agreement at Habana," which appears in the Appendix.]

SOUND PRINCIPLES OF INTERNATIONAL TRADE—ARTICLE BY ROBERT
P. VANDERPOEL

[Mr. LUCAS asked and obtained leave to have printed in the RECORD an article from the Chicago Herald-American of July 29, 1940, entitled "Americans Must Learn Quickly Sound Principles of International Trade," which appears in the Appendix.]

DECLINE AND RISE OF UNITED STATES NAVAL POWER

[Mr. LUCAS asked and obtained leave to have printed in the RECORD an article and accompanying tables entitled "The Decline and Rise of United States Naval Power, 1921-40," which appear in the Appendix.]

TRAINING OF MANPOWER—EDITORIAL FROM LIBERTY MAGAZINE

[Mr. BARBOUR asked and obtained leave to have printed in the RECORD an editorial by Bernarr Macfadden entitled "How Long, O Lord. How Long?", to be published in the Liberty magazine of the issue of August 15, 1940, which appears in the Appendix.]

ARTICLE BY WALTER LIPPMANN ON NATIONAL DEFENSE

[Mr. WILEY asked and obtained leave to have printed in the RECORD an article by Walter Lippmann, published in the Washington Post of August 1, 1940, under the title "Total Defense Stalled," which appears in the Appendix.]

SELECTIVE COMPULSORY MILITARY TRAINING

Mr. LODGE. Mr. President, I have received from the noted military writer, Maj. George Fielding Eliot, a letter which states opinions on the question of procuring men for our Army which I think would be of great interest to the Senate. I should like to point out that the writer of the letter favors fixing the size of the Army at a figure of 750,000, which is what I have advocated for some time, and Major Eliot makes the following statement about the bill which I introduced some weeks ago:

Your bill, as compared with the Burke-Wadsworth bill, has the virtue of simplicity and clarity of objective—the creation of a regular army of definite size.

Mr. President, yesterday I was courteously accorded a hearing by the Military Affairs Committee on the bill which I have introduced. I may remind the Senate that this bill not only set a definite limit to the total number of men in our Army, but also provided, in effect, that only about 400,000 would have to be raised by selective draft. I gathered at the meeting yesterday that the bill now being considered by the committee is undergoing many fundamental changes, and so I will not make any comment on the provisions of the bill which may eventually be reported. I should, however, like to compare my bill with the proposals which have received so much attention in the press by showing what my bill is and what it is not.

My bill is a simple defense bill. Its aim is to bring our Army up to its top strength, always in harmony with our existing program for procuring weapons.

It is not a bill capable of causing far-reaching internal, social, and economic changes, having little, if any, relation to national defense.

It is a bill aimed at peace and defense. It seeks to make the United States sufficiently strong so that no foreign power will dare to molest us.

It is a peacetime bill. It is not a bill which assumes that we are already at war, and which accordingly seeks to create a nation in arms.

It is a 1940 bill, to provide a highly selected personnel for a relatively small standing army, in the hope and belief that this will avert the need for mass conscription later on.

It is not a 1917 bill which seeks to place every able-bodied man in the military service in some capacity or other.

If I may make a comparison, it is a modern, well-tooled, automatic rifle, and not a blunderbuss.

My bill would involve directly about 1 out of every 3,250 American citizens—not enough to dislocate anything, threaten democracy, or bring any danger of totalitarianism. Its burden would fall chiefly on those relatively well to do.

There is no point in registering 42,000,000 men if all we want is 400,000 soldiers. There is waste and offense to our democratic system of things if we draft every able-bodied man instead of drafting able-bodied men only in such numbers as can be effectively utilized for the national defense, having due regard to the amount of equipment available.

A bill which takes the short emergency view of this matter should limit itself to providing a sufficient number of men for our existing needs, and should not seek to plan the entire future.

A bill which seeks to lay down a long-term policy on military training should not take all men from 18 to 64, but should give every young man a certain period of training when he reaches a certain age. The proposals I have seen described do not fall into either classification.

I ask unanimous consent that the letter from Major Eliot be printed in the RECORD in full.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW YORK, July 29, 1940.

The Honorable HENRY CABOT LODGE, Jr.,
United States Senate, Washington, D. C.

DEAR SENATOR LODGE: I have read with great attention the bill which you sent me, and have just finished reading the committee draft of the Burke-Wadsworth bill as it has finally received the approval of the Military Affairs Committee of the Senate.

Your bill, as compared with the Burke-Wadsworth bill, has the virtue of simplicity, and clarity of objective—the creation of a Regular Army of definite size. The Burke-Wadsworth bill has the following defects, as I see it:

(1) It leaves to the President the power to call out any number of men he sees fit, in time of peace. In my opinion the size of the Regular Army in time of peace ought to be definitely limited by statute. I do not believe that limitation by appropriation is sufficient.

(2) It places upon the War Department the responsibility for ill-defined home-defense forces. Such forces as are required for local defense purposes as a part of the defense plans of the country (antiaircraft, harbor defense, etc.) ought to be part of the Regular Army or National Guard. Temporary forces for the maintenance of internal order, guarding bridges, factories, etc., should be State forces such as the proposed New York Guard.

(3) The period of training is too short (also in your bill). Two years would be ideal; 18 months is in my opinion the minimum: Six months for induction and individual training; a year for unit and field training. But I realize that as a practical matter this may not be possible, so I think voluntary extension of service ought to be made attractive.

(4) It is provided that men who enlist in the Regular Army or National Guard for 2 additional years are relieved from the Reserve service provided by the bill. This flies directly in the face of the need for having a fully trained Reserve. It ought to be provided that a 2-year enlistment in the Regular Army should cut the Reserve service from 10 to 5 years; and that National Guard service should merely be reckoned as reducing the Reserve service by that much.

(5) The bill provides specifically that conscripted men shall have an opportunity to qualify for promotion. This ought not to be enacted into law. In general, specialists and noncommissioned officers should be men who have volunteered for longer periods of service. There should be no barrier to specially qualified conscripts qualifying for promotion, but a rigid legal requirement that they shall have such an opportunity will only make trouble.

(6) The National Guard provision in the preamble of the bill is just a concession to the political strength of the guard, and if strictly construed might require the guard to be called into service before the Regular Army Reserve. This is ridiculous.

(7) Finally, it seems to me this bill takes in too much territory. It will produce illusions in the mind of the average American. It is likely to permit the creation of a huge army for which we have no need, and which we could not use except in overseas adventures. We ought to concentrate, we must concentrate on building up an army equipped, trained, and officered to fight on modern battlefields. This army cannot be very large, must be limited by the need for providing for the Navy and other essentials of national defense. The Burke-Wadsworth bill does not draw a fine enough sight, which is language you will well understand. We need a fine weapon of precision, not a shotgun, for this job.

We have, I think, to keep in mind that we have two lines of thought which must constantly be coordinated: First, to prepare as quickly as possible for an imminent emergency; second, to lay the foundations for a long-range military policy.

Under either your bill or the Burke bill we can call up as many men for immediate training as the Regular Army and the National Guard can possibly absorb. But the Burke bill seems to fasten upon us a tremendous burden, both from the financial and administrative point of view, which to my mind is not only wholly unnecessary, but may become a positive danger by absorbing too great a proportion of the funds and resources available for the national defense—which after all are not unlimited.

May I suggest certain features which I believe ought to be incorporated in whatever compulsory service bill is enacted.

(1) Fix the size of the Regular Army in time of peace at a maximum of 750,000, exclusive of reservists called back for temporary periods of training.

(2) Provide for voluntary enlistments (both direct and from conscripts who have completed their compulsory training).

(3) Provide for registration of all men from 20 to 45 years of age, as a sort of survey of manpower resources, and for morale purposes.

(4) Provide for calling up annually of a class of conscripts, carefully selected, sufficient to maintain the Regular Army at 750,000 men; the period of service to be 1 year (if no more can be had).

(5) Provide for such men to serve thereafter 10 years in the Reserve; except that they may extend their period of service in the Regular Army for 1 year, and knock off 2 years' Reserve service; or for 2 years, and knock off 5 years' Reserve service. Minimum period of Reserve service to be 5 years for all classes of enlistment, including volunteers.

(6) National Guard service to count as Reserve service.

(7) The annual class to be called from men between 20 and 25 years of age. This will permit of deferred classifications to men with temporary impediments to service of a personal or physical nature.

(8) Reservists during the first 5 years of Reserve service should be liable to be called up for three refresher periods of 30 days each, and one such period subsequent to their fifth year.

(9) There should be provision for a specialist reserve of men for such duties as clerks, truck drivers, hospital attendants, cooks, and other jobs for which their civilian occupation qualifies them; enlistment in this reserve should be either voluntary or made by selection from the annual class of recruits after selecting the men for combat training. As far as possible such duties should be performed entirely by men of this reserve on active duty for periods of 1 year or more. The training period for this reserve should be originally 90 days.

(10) Pay to be equalized with the Navy, subject to the following provision: That all conscripts during their first year of service shall receive the minimum pay of \$21 per month, except that such as qualify for appointment as noncommissioned officers and specialists shall receive a bonus of \$3 per month. Volunteers to receive \$21 per month during their recruit training, \$36 on qualification as fully trained privates, \$54 when promoted to private first class. Conscripts extending their enlistment to be immediately placed on the same pay status as volunteers. Pay of noncommissioned officers: Corporal, \$60; sergeant, \$72; staff sergeant, \$84; master sergeant or first sergeant on acting appointment, \$99, on permanent appointment, \$126. This abolishes the grade of technical sergeant and brings Army pay to the same basis as Navy pay. It will make the service attractive and bring us a good grade of volunteer enlistments.

The objective should be to maintain a Regular Army of about 50-percent volunteer long-service soldiers and 50-percent conscripts, with a reserve of fully trained men capable of immediately bringing the Army to full war strength, plus 10 percent immediate replacement cadres with each unit and a depot establishment capable of providing a reservoir of replacements and of training additional recruits in time of emergency.

This is the long-range objective. But we have not yet taken care of the immediate emergency. For this purpose let the bill provide that for a period of 2 years from its passage the number of men called into active service under its provisions shall not be restricted as to number, provided that no more than 1,000,000 such conscripts shall be on active service at any one time exclusive of those who may have volunteered to extend their period of enlistment, notwithstanding the provision that the Regular Army shall not ordinarily exceed a total of 750,000, including conscripts. During this 2-year period of initial preparation and organization it should be lawful to induct conscripted men into any units of the National Guard which might be in the Federal service for the time

being. This will enable the guard to be used for training men, as well as the Regular Army, and will get the guard off to a good start, insofar as Congress shall during that time authorize the ordering of the guard into Federal service. Recruits trained in the guard units should, of course, pass into the Reserve in just the same manner as those trained in Regular Army units.

What will be the practical results of such a bill?

First of all, the War Department will be able to carry out its present plans for calling in 400,000 men on October 1, 1940; 400,000 more on April 1, 1940; and 600,000 on October 1, 1941. On October 1, 1941, the status of the Army will be as follows:

Regular Army:	
Volunteers	375,000
Conscripts of the class of Oct. 1, 1940, who have extended their enlistments (estimated at 10 percent)	40,000
Conscripts of the class of Apr. 1, 1941	335,000
Total	750,000

National Guard (presuming it to be all in Federal service):

Volunteers	238,000
Conscripts of class of Apr. 1, 1941 (remainder)	65,000

Total	303,000
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Army Reserve (remainder of class of Oct. 1, 1940)	320,000
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At this point the War Department plans to bring in an additional 600,000 men, most of whom (on the above basis) would have to be trained by the National Guard. On October 1, 1942, the National Guard could be returned to State control, and there would thereafter be an ample Regular Army Reserve. This, presuming no emergency arises in the interim. But it would be much better if 2 years' service could be had—at least at first.

Of course, as the number of fully trained reservists (those with 2 years service or more) grows, the size of the Regular Army actively employed can be reduced. The law ought to provide that no more than 60 percent of the Regular Army in active service shall be volunteers, thus assuring the steady annual increment for the Reserve.

Units of the Regular Army ought to be maintained on the following basis at all times:

(1) Reinforced strength (war strength plus 10-percent immediate replacements): The garrisons of Hawaii, Alaska, and such other outlying points as cannot be immediately reinforced.

(2) War strength: All other garrisons outside the continental United States; all combat formations of the Air Corps; armored troops; Cavalry.

(3) Peace strength: All other formations.

There should be a clear division of function between the Regular Army and the National Guard. The former should have all M-day tasks, except certain antiaircraft and harbor-defense missions in the continental United States and Puerto Rico. The National Guard should supply the bulk of the harbor-defense and antiaircraft troops in the United States (other than antiaircraft troops with mobile formations), certain corps and Army units, and should form a second-line force to take the place of the Regular Army when the latter might have to be sent out of the country or require eventual reinforcement.

What would be the effect of this bill on the National Guard? It would benefit greatly. To begin with, presuming it is now ordered out (as seems essential) for training purposes, it would start with 2 years' active service. Its recruits would then come in large part from men who had already had a year's training (although direct enlistment should be permitted). It would never lack for such number of raw recruits as it might require, as many men would enlist to avoid being conscripted into the Regular Army. Its officers would, of course, have to be a lot better than they are now. Original appointments as second lieutenants in combat units might be restricted to graduates of approved R. O. T. C. units, graduates of the Military Academy, enlisted men with 1 year Regular Army plus 2 years' guard service, or enlisted men with 5 years' guard service. The professional requirements for appointment should be kept very high, and Federal confirmation after appointment might be conditional on a 3 months' course at the school of the arm.

It seems to me that such a bill would make use of all existing facilities for training—of course, Reserve officers would be ordered out to serve with the Regular Army and National Guard in such numbers as might be desirable—and would provide us as quickly as possible with a battle-worthy army. It would also lay the foundations for a military system of limited objective, adequate to our needs, and able at any time to put the whole Regular Army into the field without delay, and to back it up with a National Guard of much better quality than we now possess.

I should look forward to a time when the Regular Army on active service would consist of 450,000 men, of whom 250,000 would be long-service volunteers and 200,000 conscripts under training. There would be an Army Reserve of approximately 1,200,000, of whom about 25 percent would be fully trained, the rest with 1 year's training. On mobilization, 200,000 fully trained and 100,000 partially trained reservists would be required to bring the Regular Army to war strength; 75,000 partially trained reservists would form the 10 percent immediate replacement groups; 100,000 fully trained and 150,000 partially trained reservists would form the depots for the Regular Army; there would still be available 575,000

partially trained reservists as replacements, or to bring the National Guard to war strength. With such an organization, the Nation would have a military establishment costing comparatively little, yet fully ample to discharge any duty which might be laid upon it other than one calling for a new American expeditionary force to Europe or Asia.

I hope you will forgive me for troubling you with so long a letter, but I feel very deeply that we must get under way with a workable plan and one within our means and adapted to our needs.

If you think it desirable, I should be very glad to come to Washington to talk this matter over with you at greater length. I am most anxious to do anything I can to promote the cause of true preparedness for this country, as I know that you are. Understanding the problems of the Army as well as you do, it seems to me that if any Senator can bring some sense and logic into our military plans, you are the one to do it. Please feel free to command me in any way.

With best wishes, I am
Very sincerely yours,

GEORGE F. ELIOT.

Mr. BURKE. Mr. President, I ask unanimous consent that there be printed in the RECORD, in connection with the discussion which has just taken place, a short editorial which appeared in the Christian Science Monitor on July 24, 1940, entitled "Democracy and the Draft," from which I read a paragraph or two:

If properly carried out, the selective draft is the most democratic way the responsibility for the common safety can be distributed. There are, of course, many kinds of sacrifice involved in national defense. Ultimately the selective policy should extend also to training for certain noncombatant and industrial services. And stringent taxation should assure that no excessive profits are made out of the arming effort but that financial contributions are made according to ability.

The important point about the selective draft is that it should be genuinely selective. It should not be a mere drawing of numbers so much as careful sorting of the Nation's manpower into classifications for service.

With these guiding policies, a compulsory selective-service law should be enacted promptly.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Nebraska?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor of July 24, 1940]

DEMOCRACY AND THE DRAFT

Action is getting under way on the Burke-Wadsworth bill for selective compulsory military training in the United States. Approval of a revised version of it by the Senate Military Affairs Committee means apparently that the subject will come to the floor of the Senate next week.

The 12 months' training period now proposed is more adequate from the military point of view than the 8 months previously contemplated. More satisfactory also, from the standpoint of the trainee, is the basic Army pay of \$21 a month instead of \$5 a month.

If properly carried out, the selective draft is the most democratic way the responsibility for the common safety can be distributed. There are, of course, many kinds of sacrifice involved in national defense. Ultimately the selective policy should extend also to training for certain noncombatant and industrial services. And stringent taxation should assure that no excessive profits are made out of the arming effort but that financial contributions are made according to ability.

The Burke-Wadsworth bill now would provide for registering all male citizens from 18 to 64. Originally it would have drawn men for the Army and Navy from the broad age group between 21 and 45, leaving others to home-guard or other work. Unfortunately one amendment by the committee narrows selection for the active services to those under 31 instead of up to 45.

One of the merits of the bill in its first form was the distribution of the call on a basis of fitness rather than of arbitrary age limits. Drawing from a class of more than 20,000,000 instead of 11,500,000 might be slightly more cumbersome, but it would also be more selective with reference to the man's employment, ability, and family situation. Furthermore, the broader age limit would help answer the charge that young men were being drafted to fight older men's wars.

Col. William J. Donovan, commander of the Fighting Sixty-ninth Regiment in the last war, has been reiterating the thesis that mature men rather than youths should be called to the colors first. His is expert testimony that the tasks of modern warfare call at least equally if not in greater degree for the cool judgment of maturity as compared to the robust energy of youth.

There is a further consideration. If today's youth is to be convinced that events call for preparedness rather than pacifism, this will be more effectively done by example than by precept. One further step to draw more middle-aged men into the service would be to raise the maximum voluntary enlistment age from 35 to 45.

Another would be to schedule more training camps open to men in their forties.

The important point about the selective draft is that it should be genuinely selective. It should not be a mere drawing of numbers so much as careful sorting of the Nation's manpower into classifications for service. Besides suitable exemptions for conscientious objectors, men necessary to industry, and men with family responsibilities, the draft boards should undertake studious evaluation of men's usefulness and intelligent direction of human resources.

With these guiding policies, a compulsory selective service law should be enacted promptly.

ORDER OF BUSINESS

Mr. McNARY. Mr. President, I desire to express the very strong hope to the able Democratic leader, the Senator from Kentucky [Mr. BARKLEY], that the Senate will not proceed to the consideration of Senate Joint Resolution 286 today. A number of Senators have stated to me that they desire time to study the measure and the report. Therefore, I now request that the Senate proceed to the consideration of the joint resolution about the first of next week.

Mr. BARKLEY. Mr. President, I had already informed the Senator from Oregon that, after conferring with the Senator from Texas [Mr. SHEPPARD] the chairman of the Committee on Military Affairs, I had no intention of bringing the joint resolution up for consideration today. While it is true it was reported Tuesday, and has been printed and is available, a number of Senators have expressed the desire to have a day or two to study the measure, and, in my opinion, that is not an unreasonable request. It had been my intention to announce that we would not take up the National Guard measure until Monday, but we will take it up on Monday for consideration.

Mr. McNARY. Is it the purpose of the Senator from Kentucky to have the Senate proceed to the consideration of the calendar today?

Mr. BARKLEY. When we reach that order in our proceedings, it is my purpose to ask that the calendar be called for the consideration of unobjected-to bills, beginning where we left off at the last call of the calendar, order of business No. 2040.

Mr. McNARY. Is it the intention of the Senator to have a session of the Senate tomorrow and Saturday?

Mr. BARKLEY. No; I intend to move that the Senate adjourn until Monday, after the call of the calendar shall have been concluded.

Mr. McNARY. I thank the Senator.

SELECTIVE COMPULSORY MILITARY TRAINING

Mr. LEE. Mr. President, I wish to submit an amendment to the selective-service bill. The amendment proposes to increase the base pay of soldiers. The entire schedule is set out in the amendment. The essence of it is that it increases the pay of soldiers from \$21 a month to \$30, with prorated increases in the base pay of soldiers for the entire schedule. I ask that the amendment be printed and lie on the table, and at the proper time I shall offer it to the bill (S. 4164) to provide for the common defense and to increase and train the personnel of the armed forces of the United States.

The PRESIDENT pro tempore. The amendment will be received and printed, and lie on the table.

Mr. LEE. Mr. President, in connection with the amendment I have just presented, I notice in the publication, P. M., of Wednesday, July 31, this headline:

Steel waits law for arms work.

In the article it is explained that one of the biggest steel mills in the United States has not turned a wheel or done a thing toward the defense program because those in control do not have the tax law written to suit them. I read this quotation from the article:

STEEL WAITS LAW FOR ARMS WORK

(By Nathaniel S. Keith)

Among the 120 big plants operated by the United States Steel Corporation is one of the 3 mills in the United States of America that can produce heavy armor plate for battleships. The capacity of those mills falls far short of what will be needed in the next 4 or 5 years to equip the two-ocean Navy.

To meet its share of the administration's defense program, United States Steel has been planning to expand its armor-plate plant. But it also wants Congress to pass a bill permitting the

cost of those facilities to be written off against profits within 4 or 5 years, thus reducing income taxes.

LAW'S DELAY

"We've delayed buying additional equipment for our armor-plate program until the bill is passed," said Irving S. Olds, new chairman of Big Steel. This corporation, he explained, had expected Congress to vote for rapid write-offs of new arms output facilities several weeks ago. He didn't know what had caused the delay; perhaps it was only that Congress always needed a long time to pass tax laws. In the meantime, United States Steel is on the side lines.

Mr. President, I saw in the paper just lately also that the limitation of 8-percent profit had been raised to 12-percent profit on some of the war contracts. Certainly in the light of such an attitude on the part of manufacturers and businessmen, I think it is fair that we should raise the soldier's pay at least to \$30 a month.

If a soldier in the trenches should take the same attitude that has been taken by Mr. Olds, that is to say, that he would not advance until his pay was raised, he would be court-martialed. But no soldier is going to take such an unpatriotic attitude as that.

Again I call the attention of the Senate and the people of the United States to the fairness and the justice of the program of the soldiers who fought in the last war—that if we are going to draft men we should draft money and materials in the same manner. [Manifestations of applause in the galleries.] A program of universal service that shall call upon everyone to do his proportionate part in case of war. I think the only fair, just, and democratic manner of raising an army when we really get into a war emergency is by a selective draft, and by the same token it is right and just that we should call upon the financial resources in this country and the material resources in this country, and the men who control those resources, by the same mandatory power by which we call men to the colors.

THE THIRD-TERM TRADITION

Mr. GUFFEY. Mr. President, we have been repeatedly told, frequently by individuals who should and in some cases do know better, that there is a sacred tradition against a third term for any President of the United States.

Some of those who are most vocal in this respect have, I regret to say, apparently operated on the assumption that constant repetition will make it so.

Naturally, if the American people could be brought to believe that such tradition existed the immediate end of such partisans would be gained, regardless of historical fact.

The whole truth is that the alleged tradition against a third term for any President is a political fiction.

There is no such tradition. There never was any such tradition.

Nothing in the Constitution restricts the number of terms any President may serve.

That was not an accident. It was deliberate. The question of Presidential tenure was thoroughly debated by the founding fathers in the Constitutional Convention.

Guided by George Washington as its chairman, the Convention finally accepted Washington's own view that any restriction would be unwise if not actually dangerous.

I can see no propriety—

Washington wrote—

in precluding ourselves from the services of any man, who, in some great emergency, shall be deemed, universally, most capable of serving the public.

Alexander Hamilton, Gouverneur Morris, John Jay, Rufus King, James Otis, and other great leaders of the day agreed with Washington.

There can be no doubt whatever that George Washington withdrew after two terms because he was tired and wanted to go home.

He had accepted a second term only because of the then critical posture of our affairs with foreign nations.

With his country at peace, he felt he had earned his retirement.

At no time, either publicly or privately, did he ever assert as a political maxim that no President should serve more than two terms.

Thomas Jefferson had more definite views.

As Ambassador to France, he had seen the degeneracy of royal families and was determined to prevent every danger to American freedom from continuing too long in office.

His view in this respect was overruled by the Constitutional Convention and has since been overruled by history, for he advocated a single 6-year term for Presidents and a single limited term for Representatives and Senators, with 4- or 6-year terms for Justices of the Supreme Court.

Jefferson favored a single term for the President, but served two terms himself and in addition dictated Presidential policy for four additional terms through Madison and Monroe.

Although favoring restricted tenure, he had been in favor of Washington continuing almost indefinitely as Chief Executive, and admitted his own willingness to serve a third term if division over his successor should lead to a danger of monarchy.

While at the height of his popularity as President he might easily have secured a constitutional amendment prohibiting a third term, but he made no effort whatever to do so.

We have seen that George Washington did not consciously establish a two-term precedent.

His successor, John Adams, served only one term.

Jefferson was personally responsible for restricting not only his own terms but also the terms of his political protégés, Madison and Monroe.

It is clear that Jefferson attempted to establish a two-term tradition and succeeded in maintaining it by his own political power under the two administrations that followed his.

The question is whether the new policy died with its author or was followed by those who came after the Virginia Presidents—Jefferson, Madison, and Monroe.

Monroe's successor, John Quincy Adams, assailed "the practice which the Virginia Presidents have taken so much pains to engraft upon the Constitution," and added that "this is not a principle of the Constitution, and I am satisfied that it ought not to be."

Of the 27 Presidents after Monroe, only 4 up to President Roosevelt's time served a full 8 years.

In addition, Theodore Roosevelt and Calvin Coolidge, serving unexpired terms, fall technically within the definition of two-term Presidents.

Jackson, Grant, Cleveland, Theodore Roosevelt, Wilson, and Coolidge were the six Presidents who might have challenged the tradition.

Jackson believed in a single term of 4 to 6 years, and so told the Congress no less than six times in annual messages, yet he served two terms and rejected a third on the single ground that "the time has now come when advanced age and a broken frame warn me to retire from public life."

At no time did he give any intimation that tradition played any part in his decision.

It was almost 100 years after Washington's day before this tradition was advanced publicly against any candidate.

The victim was Grant, who took the position that the only way to prevent a third term was to amend the Constitution, and that—

It may happen in the future history of the country that to change an Executive because he has been 8 years in office will prove unfortunate, if not disastrous.

His political opponents quickly rushed an anti-third-term resolution through Congress, but Grant went into the Republican convention of 1880 without patronage or organized support and led the balloting for 36 consecutive votes before the stop-Grant minorities united on the dark horse, Garfield.

Grant was the first President who had an opportunity to reject the tradition.

He did so, and was thwarted only through a political cabal which defeated him in convention maneuvering.

The next two-term President was Grover Cleveland, who was so wearied of political attack that after 2 years of a second term he was longing for retirement.

Years later, when the 1904 elections were looming, political leaders started a boom for his nomination.

He raised no question of tradition, but rejected the suggestion with the comment that he wanted nothing so much as a retreat to give him freedom from nagging annoyance and exhausting importunities.

Theodore Roosevelt was the first President in American history to bring the issue to the people themselves.

Denied a Republican third-term nomination by political chicanery, he formed his own Bull Moose organization and soundly trounced the regular Republican nominee, but so split the Republican strength that Woodrow Wilson, with a minority vote became President.

Many who now profess conscientious objections to a third term supported Theodore Roosevelt in that fight.

Had his health not been wrecked by his fight for the League of Nations, Wilson might have been a candidate for a third term.

In any event he had no opposition in principle.

The people might more likely be cheated than served by further limitations of the President's eligibility—

He wrote—

His fighting power in their behalf would be immensely weakened.

Calvin Coolidge ended a movement to draft him, headed by many individuals now opposing a third term, by his enigmatic "I do not choose" declaration—in which there was no reference whatever to tradition.

Hence it is clear that not one of the Presidents following Jefferson who might conceivably have had a third term withdrew because of any objection in principle—yet if any tradition were to be established they were the only men who could have established it, for they alone had the opportunity to make a choice.

It cannot be argued that they were deterred by any public sentiment against a third term. Washington and Jefferson could have been reelected almost indefinitely, and Jefferson could have brought about extension of the terms of Madison and Monroe had he wished.

Jackson could have served as long as he chose.

Grant was a third-term contender solely because the people clamored for him.

Politicians urged renomination upon Cleveland because of his record.

Factionalism, not tradition, defeated Theodore Roosevelt.

Wilson would have been elected or defeated solely upon the basis of the policies he advocated and the principles he represented.

The same is true of Coolidge.

Not one two-term President from the days of Thomas Jefferson refused a third term on principle; not one expressed opposition in principle to a third term.

Although their views can be considered merely academic, most of the one-term Presidents raised no objection to a third term, and many strongly urged it.

The people themselves have never been given an opportunity to vote on the issue in a clean-cut test.

The "tradition," therefore, must be seen for what it is, an artificial, fictitious contrivance of politicians, used heretofore in our political history solely to thwart popular will by denying renomination to a popular President.

Had our political history been different—had the policy of the "Virginia Presidents" become the "tradition" of the people—the theory that something should not be done because it was not customary would still be a mischievous theory, for it would establish an extraconstitutional, invisible Government of precedent and usage foreign to the spirit of the American people.

It would substitute a system of taboos, based upon no consideration except custom and habit, for the Constitution and the laws of the land.

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The founding fathers felt, and many Presidents reiterated, that the American people should be free to choose their Chief Executive without legal or other hindrance apart from the Constitution.

The American people have a right to resent attempts to tell them what they shall or shall not do in exercising this legal right.

They should resent it, for history is on their side.

I believe they will.

RESERVE AND RETIRED ARMY PERSONNEL—AMENDMENT

Mr. OVERTON. Mr. President, I send to the desk and ask that there lie on the table and be printed in the RECORD an amendment to Senate Joint Resolution 286.

There being no objection, the amendment intended to be proposed by Mr. OVERTON was ordered to be printed and lie on the table, and to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. OVERTON to the joint resolution (S. J. Res. 286) to strengthen the common defense and to authorize the President to order members and units of Reserve components and retired personnel of the Regular Army into active military service, viz after section 3, to insert the following new section:

"SEC. 4. (a) The benefits of the Soldiers' and Sailors' Civil Relief Act, approved March 8, 1918, are hereby extended to all National Guard, Reserve, and retired personnel ordered into the active military service under authority of this joint resolution, so long as such personnel are in such service and for 60 days thereafter, and, except as hereinafter provided, the provisions of such act shall be effective for such purposes.

"(b) For the purposes of this section—

"(1) The following provisions of such act of March 8, 1918, shall be inoperative: Section 100; and paragraphs (1), (2), and (5) of section 101; article 4; article 5; paragraph (2) of section 601; and section 603.

"(2) The term 'persons in military service,' when used in such act, shall be deemed to mean persons ordered into the active military service under the authority of this joint resolution.

"(3) The term 'period of military service,' when used in such act, when applicable with respect to any person, shall be deemed to mean the period beginning with the date on which such person is ordered into such active military service and ending with the date on which he is relieved from such service."

Mr. OVERTON. Mr. President, the amendment undertakes to apply the benefits of the Soldiers' and Sailors' Civil Relief Act of March 8, 1918, to all National Guard reserves and retired personnel ordered into active military service under the authority of the joint resolution, with certain exceptions which, in my judgment, are either inapplicable or unnecessary, insofar as the joint resolution is concerned.

For the information of the Senate, I ask unanimous consent that, following the printing of the amendment which I have sent to the desk, there be printed in the RECORD the provisions of the act of March 8, 1918, which, by the terms of the amendment, are to be made applicable to the joint resolution; that is, to except from the printing the provisions which, by the terms of the amendment, are excepted from the joint resolution, and to include only the provisions which are made applicable to the joint resolution under the terms of the amendment.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Is there objection to the request of the Senator from Louisiana?

There being no objection, the provisions referred to were ordered to be printed in the RECORD, as follows:

[Public—No. 103—65th Cong.—H. R. 6361]

An act to extend protection to the civil rights of members of the Military and Naval Establishments of the United States engaged in the present war

Be it enacted, etc.—

ARTICLE I GENERAL PROVISIONS

(3) The term "person," as used in this act, with reference to the holder of any right alleged to exist against a person in military service or against a person secondarily liable under such right, shall include individuals, partnerships, corporations, and any other forms of business association.

(4) The term "court" as used in this act shall include any court of competent jurisdiction of the United States or of any State, whether or not a court of record.

SEC. 102. (1) That the provisions of this act shall apply to the United States, the several States and Territories, the District of Columbia, and all territory subject to the jurisdiction of the United States, and to proceedings commenced in any court therein, and shall be enforced through the usual forms of procedure obtaining in such courts or under such regulations as may be by them prescribed.

(2) When under this act any application is required to be made to a court in which no proceeding has already been commenced with respect to the matter, such application may be made to any court.

SEC. 103. Whenever pursuant to any of the provisions of this act the enforcement of any obligation or liability, the prosecution of any suit or proceeding, the entry or enforcement of any order, writ, judgment, or decree, or the performance of any other act, may be stayed, postponed, or suspended, such stay, postponement, or suspension may, in the discretion of the court, likewise be granted to sureties, guarantors, indorsers, and others subject to the obligation or liability, the performance or enforcement of which is stayed, postponed, or suspended.

When a judgment or decree is vacated or set aside in whole or in part, as provided in this act, the same may, in the discretion of the court, likewise be set aside and vacated as to any surety, guarantor, indorser, or other person liable upon the contract or liability for the enforcement of which the judgment or decree was entered.

ARTICLE II

GENERAL RELIEF

SEC. 200. That in any action or proceeding commenced in any court if there shall be a default of an appearance by the defendant the plaintiff before entering judgment shall file in the court an affidavit setting forth facts showing that the defendant is not in military service. If unable to file such affidavit plaintiff shall in lieu thereof file an affidavit setting forth either that the defendant is in the military service or that plaintiff is not able to determine whether or not defendant is in such service. If an affidavit is not filed showing that the defendant is not in the military service, no judgment shall be entered without first securing an order of court directing such entry, and no such order shall be made if the defendant is in such service until after the court shall have appointed an attorney to represent defendant and protect his interest and the court shall on application make such appointment. Unless it appears that the defendant is not in such service the court may require as a condition before judgment is entered that the plaintiff file a bond approved by the court conditioned to indemnify the defendant, if in military service, against any loss or damage that he may suffer by reason of any judgment should the judgment be thereafter set aside in whole or in part. And the court may make such other and further order or enter such judgment as in its opinion may be necessary to protect the rights of the defendant under this act.

(2) Any person who shall make or use an affidavit required under this section knowing it to be false shall be guilty of a misdemeanor and shall be punishable by imprisonment not to exceed 1 year or by fine not to exceed \$1,000, or both.

(3) In any action or proceeding in which a person in military service is a party if such party does not personally appear therein or is not represented by an authorized attorney, the court may appoint an attorney to represent him; and in such case a like bond may be required and an order made to protect the rights of such person. But no attorney appointed under this act to protect a person in military service shall have power to waive any right of the person for whom he is appointed or bind him by his acts.

(4) If any judgment shall be rendered in any action or proceeding governed by this section against any person in military service during the period of such service or within 30 days thereafter, and it appears that such person was prejudiced by reason of his military service in making his defense thereto, such judgment may, upon application, made by such person or his legal representative, not later than 90 days after the termination of such service, be opened by the court rendering the same and such defendant or his legal representative let in to defend; provided it is made to appear that the defendant has a meritorious or legal defense to the action or some part thereof. Vacating, setting aside, or reversing any judgment because of any of the provisions of this act shall not impair any right or title acquired by any bona fide purchaser for value under such judgment.

SEC. 201. That at any stage thereof any action or proceeding commenced in any court by or against a person in military service during the period of such service or within 60 days thereafter may, in the discretion of the court in which it is pending, on its own motion, and shall, on application to it by such person or some person on his behalf, be stayed as provided in this act, unless, in the opinion of the court, the ability of plaintiff to prosecute the action or the defendant to conduct his defense is not materially affected by reason of his military service.

SEC. 202. That when an action for compliance with the terms of any contract is stayed pursuant to this act no fine or penalty shall accrue by reason of failure to comply with the terms of such contract during the period of such stay, and in any case where a person fails to perform any obligation and a fine or penalty for such nonperformance is incurred a court may, on such terms as may be just, relieve against the enforcement of such fine or penalty if it shall appear that the person who would suffer by such fine or penalty was in the military service when the penalty was

incurred and that by reason of such service the ability of such person to pay or perform was thereby materially impaired.

SEC. 203. That in any action or proceeding commenced in any court against a person in military service, before or during the period of such service, or within 60 days thereafter, the court may, in its discretion, on its own motion, or on application to it by such person or some person on his behalf shall, unless in the opinion of the court the ability of the defendant to comply with the judgment or order entered or sought is not materially affected by reason of his military service:

(1) Stay the execution of any judgment or order entered against such person, as provided in this act, and

(2) Vacate or stay any attachment or garnishment of property, money, or debts in the hands of another, whether before or after judgment, as provided in this act.

SEC. 204. That any stay of any action, proceeding, attachment, or execution, ordered by any court under the provisions of this act may, except as otherwise provided, be ordered for the period of military service and 3 months thereafter or any part of such period, and subject to such terms as may be just, whether as to payment in installments of such amounts and at such times as the court may fix or otherwise. Where the person in military service is a codefendant with others the plaintiff may nevertheless by leave of court proceed against the others.

SEC. 205. That the period of military service shall not be included in computing any period now or hereafter to be limited by any law for the bringing of any action by or against any person in military service or by or against his heirs, executors, administrators, or assigns, whether such cause of action shall have accrued prior to or during the period of such service.

ARTICLE III

RENT, INSTALLMENT CONTRACTS, MORTGAGES

SEC. 300. (1) That no eviction or distress shall be made during the period of military service in respect of any premises for which the agreed rent does not exceed \$50 per month, occupied chiefly for dwelling purposes by the wife, children, or other dependents of a person in military service, except upon leave of court granted upon application therefor or granted in an action or proceeding affecting the right of possession.

(2) On any such application or in any such action the court may, in its discretion, on its own motion, and shall, on application, unless in the opinion of the court the ability of the tenant to pay the agreed rent is not materially affected by reason of such military service, stay the proceedings for not longer than 3 months, as provided in this act, or it may make such other order as may be just.

(3) Any person who shall knowingly take part in any eviction or distress otherwise than as provided in subsection (1) hereof shall be guilty of a misdemeanor, and shall be punishable by imprisonment not to exceed 1 year or by fine not to exceed \$1,000, or both.

(4) The Secretary of War or the Secretary of the Navy, as the case may be, is hereby empowered, subject to such regulations as he may prescribe, to order an allotment of the pay of a person in military service in reasonable proportion to discharge the rent of premises occupied for dwelling purposes by the wife, children, or other dependents of such person.

SEC. 301. (1) That no person who has received, or whose assignor has received, under a contract for the purchase of real or personal property, or of lease or bailment with a view to purchase of such property, a deposit or installment of the purchase price from a person or from the assignor of a person who, after the date of payment of such deposit or installment, has entered military service, shall exercise any right or option under such contract to rescind or terminate the contract or resume possession of the property for nonpayment of any installment falling due during the period of such military service, except by action in a court of competent jurisdiction.

(1a) Any person who shall knowingly resume possession of property which is the subject of this section otherwise than as provided in subsection (1) hereof shall be guilty of a misdemeanor and shall be punished by imprisonment not to exceed 1 year or by fine not to exceed \$1,000, or both.

(2) Upon the hearing of such action the court may order the repayment of prior installments or deposits or any part thereof, as a condition of terminating the contract and resuming possession of the property, or may, in its discretion, on its own motion, and shall, on application to it by such person in military service or some person on his behalf, order a stay of proceedings as provided in this act unless, in the opinion of the court, the ability of the defendant to comply with the terms of the contract is not materially affected by reason of such service; or it may make such other disposition of the case as may be equitable to conserve the interests of all parties.

SEC. 302. (1) That the provisions of this section shall apply only to obligations originating prior to the date of approval of this act and secured by mortgage, trust deed, or other security in the nature of a mortgage upon real or personal property owned by a person in military service at the commencement of the period of the military service and still so owned by him.

(2) In any proceeding commenced in any court during the period of military service to enforce such obligation arising out of nonpayment of any sum thereunder due or out of any other breach of the terms thereof occurring prior to or during the period of such service, the court may, after hearing, in its discretion, on its own motion, and shall, on application to it by such person in military

service or some person on his behalf, unless in the opinion of the court the ability of the defendant to comply with the terms of the obligation is not materially affected by reason of his military service—

- (a) Stay the proceedings as provided in this act; or
- (b) Make such other disposition of the case as may be equitable to conserve the interests of all parties.
- (3) No sale under a power of sale or under a judgment entered upon warrant of attorney to confess judgment contained in any such obligation shall be valid if made during the period of military service or within 3 months thereafter, unless upon an order of sale previously granted by the court and a return thereto made and approved by the court.

ARTICLE VI

ADMINISTRATIVE REMEDIES

Sec. 600. That where in any proceeding to enforce a civil right in any court it is made to appear to the satisfaction of the court that any interest, property, or contract has since the date of the approval of this act been transferred or acquired with intent to delay the just enforcement of such right by taking advantage of this act, the court shall enter such judgment or make such order as might lawfully be entered or made the provisions of this act to the contrary notwithstanding.

Sec. 601. (1) That in any proceeding under this act a certificate signed by The Adjutant General of the Army as to persons in the Army or in any branch of the United States service while serving pursuant to law with the Army, signed by the Chief of the Bureau of Navigation of the Navy Department as to persons in the Navy or in any other branch of the United States service while serving pursuant to law with the Navy, and signed by the Major General Commandant, United States Marine Corps, as to persons in the Marine Corps, or in any other branch of the United States service while serving pursuant to law with the Marine Corps, or signed by an officer designated by any of them, respectively, for the purpose, shall when produced be prima facie evidence as to any of the following facts stated in such certificate:

That a person named has not been, or is, or has been in military service; the time when and the place where such person entered military service, his residence at that time, and the rank, branch, and unit of such service that he entered, the dates within which he was in military service the monthly pay received by such person at the date of issuing the certificate, the time when and place where such person died in or was discharged from such service.

It shall be the duty of the foregoing officers to furnish such certificate on application, and any such certificate when purporting to be signed by any one of such officers or by any person purporting upon the face of the certificate to have been so authorized shall be prima facie evidence of its contents and of the authority of the signer to issue the same.

Sec. 602. That any interlocutory order made by any court under the provisions of this act may, upon the court's own motion or otherwise, be revoked, modified, or extended by it upon such notice to the parties affected as it may require.

Sec. 604. That this act may be cited as the Soldiers' and Sailors' Civil Relief Act.

Approved, March 8, 1918.

THE CALENDAR

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of bills on the calendar to which there is no objection, beginning at the end of the last call, which means beginning with Calendar No. 2040.

The PRESIDING OFFICER. Is there objection? The Chair hears none; and the Senate will now proceed to the consideration of bills on the calendar to which there is no objection. The clerk will state in order the bills on the calendar, beginning with Calendar No. 2040.

NATIONAL AVIATION DAY

The joint resolution (S. J. Res. 245) authorizing Government employees' participation in the celebration of National Aviation Day, and for other purposes, was announced as first in order.

Mr. KING. Mr. President, I notice that the Secretary of War recommends that the joint resolution be not enacted into law. I have no information in regard to the merits or demerits of the joint resolution. I am merely wondering whether or not the committee took into account the adverse position taken by the Secretary of War in regard to the joint resolution.

The PRESIDING OFFICER. The joint resolution was reported by the Senator's colleague the Senator from Utah (Mr.

THOMAS), who seems to be absent from the Chamber. Does the Senator wish to object?

Mr. KING. I shall not object. I merely wish to call attention to the fact that the Secretary of War has reported adversely.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That those in charge of Government establishments are hereby authorized to participate in such celebrations, and Government equipment, including flags, insignia, and models, may upon application by responsible parties be loaned to local communities for the purpose of such celebration, and service bands and other units of the Army, Navy, Marine Corps, Coast Guard, and National Guard may likewise be permitted to appear at such celebrations if held in the cities where such service bands and other units are stationed: *Provided*, That no expense shall be incurred by the Government in carrying out the purposes of this joint resolution.

The preamble was agreed to.

CITIZENSHIP OF CERTAIN ENLISTED MEN OF THE ARMY

The bill (H. R. 9158) to amend the act entitled "An act for the protection of certain enlisted men of the Army," approved August 19, 1937, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Mr. President, may we have an explanation of the bill?

Mr. SCHWARTZ. Mr. President, this bill was presented by the War Department. It passed the House on May 20. Under existing law enlisted men in the Army are required to be citizens of the United States. By reason of the fact that there were in the Army a number of men who were not citizens of the United States, but who had been in the Army for many years, some of whom were World War veterans, on August 19, 1937, Congress passed an act authorizing such persons in the Army to perfect their citizenship within 3 years. The 3-year period expires August 19, 1940. Unless the bill is enacted prior to that time it will be necessary to separate from the service between 300 and 500 men who have been in the Army for some time, and who, for various reasons, have not perfected their citizenship.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Military Affairs with an amendment on page 2, after line 18, to insert a proviso, so as to make the bill read:

Be it enacted, etc., That the body of the act entitled "An act for the protection of certain enlisted men of the Army," approved August 19, 1937 (50 Stat. 696), be, and the same is hereby, amended to read as follows:

"That, notwithstanding the language contained in the second proviso under the subheading 'Pay, and so forth, of the Army' of the act of July 1, 1937 (50 Stat. 446), and similar provisos of other acts heretofore or hereafter enacted, any alien otherwise eligible for enlistment in the Regular Army, who shall have been an enlisted man therein for any period subsequent to June 30, 1937, who shall have made a valid and still effective declaration of intention to become a citizen of the United States, or shall have furnished prima facie evidence of his eligibility for admission to such citizenship without prior formal declaration of intention, and shall have agreed in writing to complete his naturalization without unnecessary delay, shall, up to and including June 30, 1943, be deemed eligible (1) if in the service, for continuance therein until expiration of current enlistment, for reenlistment, and for continuance in the service under such reenlistment not later than June 30, 1943; (2) if not in the service, for reenlistment and for continuance in the service under such reenlistment not later than June 30, 1943; and (3) in either case for receipt while so serving of the pay of his grade and length of prior service: *Provided*, That Filipinos who were serving in the Army on July 1, 1937, may be retained in the service under current enlistments and may be reenlisted without regard to their citizenship status, and may receive their proper pay and allowances under such enlistments and reenlistments.

"Sec. 2. Hereafter, service in the Regular Army honorably terminated shall be credited for purposes of legal residence under the naturalization laws of the United States, regardless of the legality or illegality of the original entry into the United States of the alien, the certificate of the honorable termination of such service or a duly authenticated copy thereof made by a naturalization

examiner of the Immigration and Naturalization Service being accepted in lieu of the certificate from the Department of Labor of the alien's arrival in the United States required by the naturalization laws; and service so credited in each case shall be considered as having been performed immediately preceding the filing of the petition for naturalization."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

WIDOW OF DONALD D. ELLIOTT

The bill (S. 4044) for the relief of the widow of Donald D. Elliott was announced as next in order.

The PRESIDING OFFICER. The Chair is advised that Senate bill 4044, Calendar No. 2042, is similar to House bill 8774, Calendar No. 2046. Is there objection to the substitution of the House bill for the Senate bill and the present consideration of the House bill?

There being no objection, the bill (H. R. 8774) for the relief of the widow of Donald D. Elliott was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 4044 will be indefinitely postponed.

FOREIGN ACCOUNTS IN FEDERAL RESERVE BANKS

The bill (S. 4174) relating to foreign accounts in Federal Reserve banks was announced as next in order.

Mr. ADAMS. Mr. President, this bill came up some weeks ago. At that time the junior Senator from Michigan [Mr. BROWN] was looking after the measure. I had suggested an amendment which he then thought might be appropriate, but there was not adequate time to consider it fully, and the bill went over. I should like to have the bill go over until the Senator from New York [Mr. WAGNER] may be here, so that I may inquire of him whether it is agreeable to submit the amendment which I had in mind.

I will say to the Senate the purport of the amendment I had in mind. The bill protects the Federal Reserve banks by providing that if they have money of foreign governments they may pay the money out safely upon the finding of the Secretary of State as to proper authority. It seems to me we ought to afford the same protection to National and State banks.

I do not wish to interfere with the passage of the bill, but I should like to have it go over until the Senator from New York may be present.

The PRESIDING OFFICER. On request, the bill will be temporarily passed over.

LANDS ACQUIRED BY THE UNITED STATES SUBJECT TO TITLE INFIRMITIES

The Senate proceeded to consider the bill (H. R. 9736) to amend section 355 of the Revised Statutes, as amended, to authorize the Attorney General to approve the title to low-value lands and interests in lands acquired by or on behalf of the United States subject to infirmities, and for other purposes.

Mr. KING. Mr. President, I reported the bill after due consideration, but I was advised several weeks ago, before the recess, that there were some suggested amendments by the Department of Agriculture. I ask that the bill be passed, but I shall enter a motion to reconsider, so that if the Department of Agriculture has any proper amendments to present, I shall ask to have the bill taken up again and the amendments considered.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 355 of the Revised Statutes of the United States (U. S. C., title 33, sec. 733; title 34, sec. 520; title 40, sec. 255; and title 50, sec. 175) be, and the same is hereby, amended to read as follows:

"Sec. 355. No public money shall be expended upon any site or land purchased by the United States for the purposes of erecting thereon any armory, arsenal, fort, fortification, navy yard, customhouse, lighthouse, or other public building of any kind whatever, until the written opinion of the Attorney General shall be had in favor of the validity of the title.

"Notwithstanding the provisions of this or any other law when-ever the average value of any lands or interests in land to be acquired by or on behalf of the United States under a single option or contract of sale or by exchange or donation does not exceed \$10 per acre (hereinafter referred to as "low-value lands"), the title may be accepted subject to such infirmities as, in the opinion of the Attorney General may, without jeopardizing the interests of the United States, be left for removal by condemnation or other appropriate proceedings, if and when necessary: *Provided*, The total value of any lands or interests to be acquired under a single option or contract of sale subject to an infirmity does not exceed \$3,500. No public money shall hereafter be expended for the acquisition of such low-value lands or interests in land by or on behalf of the United States for any purpose, nor in cases of donation and exchange shall grants be accepted until the written opinion of the Attorney General has been had approving the title subject, if expedient, to infirmities as herein provided. However, no money in excess of \$2,500 shall be expended for the construction of buildings, works, or other improvements (except roads, trails, and fire-protection improvements) on any site, tract, or parcel of land the title to which is subject to infirmities, until the written opinion of the Attorney General in favor of the validity of the title has been had as in the case of other lands. For the purpose of this act values of lands and interests in land shall be determined in cases of purchase by the consideration paid or to be paid and in cases of donation and exchange by the acquiring authority's appraisal.

"The Attorney General is hereby authorized to approve the title to easements or rights-of-way to be acquired by or on behalf of the United States, subject to such infirmities as, in his opinion, will not jeopardize the interests of the United States.

"Nothing in this act shall be construed to limit the authority now or hereafter delegated to any officer in exercising the power of eminent domain for or on behalf of the United States, to take title to or possession of or to expend money for or upon any land or interest in land, or to expend money as security for an ultimate award in advance of final judgment in any proceedings to determine just compensation; nor shall this act be construed to preclude any acquiring agency from expending money for the erection of any preliminary and temporary structure upon any land.

"The head or other authorized officer of any department, independent establishment, or agency, shall procure any evidence of title which the Attorney General may deem necessary, and the expenses of procurement, except where otherwise authorized by law or provided by contract, may be paid out of the appropriations for the acquisition of land or out of the appropriations made for the contingencies of the acquiring department, independent establishment, or agency.

"The Attorney General may, in his discretion, base any opinion as to title required either by this act or any other law upon either or both of the following: Certificates of title of title companies or such evidence of title as he may deem satisfactory.

"The foregoing provisions of this section shall not be construed to affect in any manner any existing provisions of law which are applicable to the acquisition of lands or interests in land by the Tennessee Valley Authority. Nor shall the foregoing provisions of this section, or the provisions of any other law, be construed to require any opinion of the Attorney General in connection with the acquisition or improvement of easements and rights-of-way for military or naval purposes or for the acquisition or improvement of easements and rights-of-way by the Department of Agriculture for forest and other conservation purposes where the cost of any such easement of right-of-way acquired under a single instrument of conveyance and the cost of any improvement thereon does not exceed \$2,500; and the Attorney General may, in his discretion, waive the requirement for his opinion in connection with the acquisition or improvement of easements and rights-of-way for other purposes when, in his opinion, such waiver will not jeopardize the interests of the United States.

"Notwithstanding any other provision of law, the obtaining of exclusive jurisdiction in the United States over lands or interests therein which have been or shall hereafter be acquired by it shall not be required; but the head or other authorized officer of any department or independent establishment or agency of the Government may, in such cases and at such times as he may deem desirable, accept or secure from the State in which any lands or interests therein under his immediate jurisdiction, custody, or control are situated, consent to or cession of such jurisdiction, exclusive or partial, not theretofore obtained, over any such lands or interests as he may deem desirable and indicate acceptance of such jurisdiction on behalf of the United States by filing a notice of such acceptance with the Governor of such State or in such other manner as may be prescribed by the laws of the State where such lands are situated. Unless and until the United States has accepted jurisdiction over lands hereafter to be acquired as aforesaid, it shall be conclusively presumed that no such jurisdiction has been accepted."

The PRESIDING OFFICER. Without objection, Senate bill 3900 will be indefinitely postponed.

Mr. BILBO subsequently said: Mr. President, not knowing the calendar was to be called, I was engaged in conference on the price of cotton and therefore was absent from the Chamber. I am informed that Calendar No. 2047, House bill 9736, passed without objection. I enter a motion to

reconsider the vote by which that bill was passed, and I ask to have the bill go over, because I have an amendment that has been agreed upon which it is desired to insert in the bill.

The PRESIDING OFFICER. The motion of the Senator from Mississippi to reconsider will be entered.

Mr. KING subsequently said: Mr. President, a few moments ago the Senate passed House bill 9736. I indicated at the time that I understood one of the departments had an amendment which it desired to have incorporated in the bill. The amendment is being considered and put into shape by the legislative drafting service. I entered a motion to reconsider the vote by which the bill was passed, and I ask now that the motion to reconsider be acted upon and that the bill be restored to the calendar.

The PRESIDENT pro tempore. The Chair is informed that the Senator from Mississippi [Mr. BILBO] moved that the vote by which Calendar No. 2047, House bill 9736, was passed be reconsidered. The question is on the motion of the Senator from Mississippi.

The motion was agreed to.

The PRESIDENT pro tempore. The bill will be restored to the calendar.

ISSUANCE OF BONDS BY SITKA, ALASKA

The bill (S. 3940) to authorize the incorporated town of Sitka, Alaska, to purchase and enlarge certain public utilities and for such purpose to issue bonds in the sum of \$200,000 in excess of present statutory debt limit was announced as next in order.

The PRESIDING OFFICER. The Chair is advised that the bill, the title of which has just been stated, is identical with House bill 9571, Calendar No. 2093. Without objection, the House bill will be substituted for the Senate bill and will now be considered.

There being no objection, the bill (H. R. 9571) to authorize the incorporated town of Sitka, Alaska, to purchase and enlarge certain public utilities and for such purpose to issue bonds in the sum of \$200,000 in excess of present statutory debt limit was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 3940 will be indefinitely postponed.

AMENDMENT OF TRANSPORTATION ACT OF 1920

The bill (H. R. 10014) to amend the Transportation Act, 1920, as amended, was announced as next in order.

Mr. McNARY. Mr. President, I observe the presence of the able Senator from Montana [Mr. WHEELER]. I should like to have a brief explanation of the bill.

Mr. WHEELER. I ask that the bill be passed over temporarily.

The PRESIDING OFFICER. On the request of the Senator from Montana, the bill will be temporarily passed over.

Mr. WHEELER subsequently said: Mr. President, I ask unanimous consent to revert to Calendar 2053, House bill 10014, to amend the Transportation Act, 1920, as amended.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 10014) to amend the Transportation Act of 1920, as amended.

Mr. WHEELER. Mr. President, let me say this bill is recommended by the Treasury Department because of the fact that they found themselves in such a position during the war and after the war, that as to certain bonds and certain preferred stocks of railroads when they matured under a ruling by the Attorney General, the Treasury could not accept new bonds in place of them. This bill simply provides an amendment to correct the law as interpreted by the Attorney General so as to give the Treasury Department the right to exchange the old bonds for new bonds or to make settlement of some of the bonds with the railroad companies. They have found, for instance, that where railroads were in the hands of receivers or were about to be reorganized the reorganization was held up because under this ruling the Treasury Department could not accept new bonds in lieu of old bonds.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That title II of the Transportation Act, 1920 (41 Stat. 457), as amended, is hereby further amended by adding at the end of that title the following new section:

"SEC. 213. With respect to any bonds, notes, or other securities acquired on behalf of the United States under the provisions of this act, including, without limitation of the foregoing, any securities acquired as an incident to a bankruptcy, receivership, or reorganization proceeding, or by assignment, transfer, substitution, or issuance, or by purchase, default, or other acquisition (whether at a foreclosure sale or otherwise) of collateral given for the payment of obligations to the United States, the President, or any officer, agent, or agency he may designate, is authorized to sell, exchange, or otherwise dispose of, any such bonds, notes, or other securities, or to enter into arrangements for the extension of the maturity thereof, in such manner, in such amounts, at such prices, for cash, securities or other property, or any combination thereof, and upon such terms and conditions as the President or any officer, agent, or agency so designated may deem advisable and in the public interest."

NATIONAL CEMETERY, PORTLAND, OREG.

The Senate proceeded to consider the bill (S. 3163) to provide for a national cemetery in the vicinity of Portland, Oreg., which is as follows:

Be it enacted, etc., That the Secretary of War is authorized and directed to establish and maintain, in accordance with the provisions of law governing national cemeteries, a national cemetery in the vicinity of Portland, Oreg. The Secretary of War is authorized to acquire by donation, purchase, condemnation, or otherwise such suitable lands as are in his judgment necessary for the establishment and maintenance of such cemetery.

SEC. 2. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary for the purposes of this act.

Mr. BARKLEY. Mr. President, may I inquire of the able Senator from Oregon if this new cemetery to be located in his State has any political repercussions or implications?

Mr. McNARY. I will yield to my colleague to answer that question, if he cares to do so.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONSTRUCTION OF FACILITIES IN MARJORIE PARK, TAMPA, FLA.

The bill (S. 4106) to authorize the construction of certain facilities in Marjorie Park, Davis Island, Tampa, Fla., and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Federal Works Administrator be, and he is hereby, authorized to accept on behalf of the United States of America, without cost, title to a tract of land in Marjorie Park, Davis Island, Tampa, Fla., suitable for use for the site of a United States quarantine station.

SEC. 2. There is hereby authorized to be appropriated the sum of \$76,000 to be expended by the Federal Works Administrator for the construction and installation of such buildings, utilities, and appurtenances thereto on the tract of land herein authorized to be acquired to replace the existing United States quarantine station adjoining MacDill Field, Fla.

SEC. 3. Upon completion of the construction above authorized, the Federal Works Administrator is hereby authorized and directed to transfer to the control and jurisdiction of the Secretary of War as an addition to MacDill Field, Fla., or for use for other military purposes, the land and improvements now comprising the United States quarantine station adjoining MacDill Field, Fla.

LAND IN OREGON FOR BOY SCOUTS' SUMMER CAMP

The Senate proceeded to consider the bill (S. 2644) to set aside certain lands in the State of Oregon for a summer camp for Boy Scouts, which had been reported from the Committee on Public Lands and Surveys with amendments, on page 1, line 7, after the words "to the", to insert "city of"; in line 8, after the word "City", to strike out "Lions Club as a summer camp for the Boy Scouts of Junction City, Oreg., and vicinity" and insert "for park or summer camp purposes"; in line 11, after the words "to the", to insert "city of"; and in the same line, after the word "City", to strike out "Lions Club", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to lease the lands included within the southeast quarter of the southeast quarter, section 34, and the southwest quarter of the southwest quarter, section 35, township 15 south, range 6 west, Willamette meridian, Oregon, to the city of Junction

City for park or summer camp purposes. Such lease shall be without cost to the city of Junction City for a term of 50 years and under such other terms and conditions, including provisions for the care, removal, and disposition of timber by the United States, as the Secretary of the Interior deems advisable to safeguard the interests of the United States.

The amendments were agreed to.

Mr. KING. Mr. President, may I inquire of the Senator from Oregon with regard to this measure? My attention has been called upon several occasions to the fact that the Department of the Interior is exacting where such summer camps are established or where any camps are established in the forest reserves that certain actions shall be performed and certain control shall be exerted, and that such requirements are very harmful and very oppressive to the residents of the States. I was wondering if that question had been looked into? To give a concrete illustration, in my own State at a place where a number of farmers are ready to build a small reservoir at their own expense, the Federal Government has decided that in and about the little reservoir which they desire to build there ought to be recreation camps, recreational facilities, and things of that sort. So Federal authorities are exacting of those who are willing themselves to construct that little reservoir that it shall be built in conformity with the demands of the Forest Service. Such a heavy obligation is imposed that the farmers are not able to build the reservoir. I was wondering if the committee had considered that question as to whether or not too much power was given to the Department of the Interior in establishing such recreational facilities on the public domain?

Mr. HOLMAN. Mr. President, I do not recall that that particular question was discussed in the committee, but I have before me the report of the committee wherein the Director of the Bureau of the Budget advises that he has no objection to the presentation of this report. It is signed by E. K. Burlew, Acting Secretary of the Interior.

There was considerable discussion of this bill and it was finally agreed to by the committee. Since it was similar to legislation that had been enacted for the accommodation of other groups in other States, since it will provide recreational facilities without cost to the Government, and inasmuch as over half the area of the State of Oregon is Government land, it seemed to me we might well permit a small portion of it to be used by the public in the community in Oregon.

The PRESIDING OFFICER. The amendments having been agreed to, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to set aside certain land in the State of Oregon for park or summer camp purposes."

ORDER OF BUSINESS

Mr. LODGE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LODGE. I should like to know whether it is planned, when the last item on the calendar has been reached, to cease the consideration of the calendar, or whether it is planned to start in at the beginning again?

Mr. BARKLEY. Mr. President, it is not planned to start in at the beginning. The Senator from Montana has a bill, however, on which he desires to have action when the consideration of the calendar shall have been concluded; but we will not go back and call the calendar for bills that have been heretofore called.

Mr. LODGE. I thank the Senator.

WILSON A. KRAMER

The PRESIDING OFFICER. The clerk will state the next bill on the calendar.

The bill (H. R. 6823) for the relief of Wilson A. Kramer was considered, ordered to a third reading, read the third time, and passed.

NATIONAL AMERICAN-SCANDINAVIAN EDUCATIONAL WEEK

The Senate proceeded to consider the bill (S. 2691) to designate the week of October 9 to October 16, each year, as

National American-Scandinavian Week, which had been reported from the Committee on the Judiciary with amendments, in line 5, after the word "of", to strike out "our", and in line 9, after the word "authorized", to strike out "and requested", so as to make the bill read:

Be it enacted, etc., That all Americans might gain a greater inspiration from the high ideals of citizenship and the spirit of intelligent cooperation which are characteristic of American citizens of Scandinavian extraction, the week from October 9 to October 16 each year is hereby designated as National American-Scandinavian Educational Week, and the President is authorized to issue a proclamation so designating such week.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 9024) relating to the status of retired officers of the Army, Navy, Marine Corps, and Coast Guard of the United States, and to amend section 113 of the Criminal Code, was announced as next in order.

Mr. DANAHER. Mr. President, may we have an explanation of that bill, please?

Mr. BARKLEY. The Senator from Texas [Mr. SHEPPARD], who reported the bill, seems to be absent at the moment. I ask that the bill go over for the time being.

The PRESIDING OFFICER. Without objection, the bill will be temporarily passed over.

DE ROSEY C. CABELL AND OTHERS

The bill (H. R. 6365) to correct the military records of DeRosey C. Cabell, McFarland Cockrill, James N. Caperton, Junius H. Houghton, Otto F. Lange, Paul B. Parker, James deB. Walbach, and Victor W. B. Wales was considered, ordered to a third reading, read the third time, and passed.

FRANCIS G. M'DOUGALL

The bill (H. R. 719) for the relief of Francis G. McDougall was considered, ordered to a third reading, read the third time, and passed.

CARL HURT

The bill (H. R. 2278) for the relief of Carl Hurt was considered, ordered to a third reading, read the third time, and passed.

FULTON COMBS

The bill (H. R. 2490) for the relief of Fulton Combs was considered, ordered to a third reading, read the third time, and passed.

FRANK SPEARS

The bill (H. R. 3992) for the relief of Frank Spears was considered, ordered to a third reading, read the third time, and passed.

THOMAS MIRALIA AND BETTY MIRALIA

The bill (H. R. 5116) for the relief of Thomas Miralia and Betty Miralia was considered, ordered to a third reading, read the third time, and passed.

CAPTAIN AND CREW OF FISHING BOAT "UNIONE NO. 1"

The bill (H. R. 5254) for the relief of the captain and crew of the fishing boat *Unione No. 1* was considered, ordered to a third reading, read the third time, and passed.

ROBERT L. TAYLOR

The bill (H. R. 5309) for the relief of Robert L. Taylor was considered, ordered to a third reading, read the third time, and passed.

CLYDE E. MALLE

The bill (H. R. 5562) for the relief of Clyde E. Malle was considered, ordered to a third reading, read the third time, and passed.

ESTATE OF J. L. FRETWELL

The bill (H. R. 6740) for the relief of the estate of J. L. Fretwell was considered, ordered to a third reading, read the third time, and passed.

THEODORE R. KING

The bill (H. R. 7416) for the relief of Theodore R. King was considered, ordered to a third reading, read the third time, and passed.

ELIZABETH BUXTON HOSPITAL

The bill (H. R. 7668) for the relief of Elizabeth Buxton Hospital was considered, ordered to a third reading, read the third time, and passed.

J. E. DAMBACH

The bill (H. R. 7679) for the relief of J. E. Dambach was considered, ordered to a third reading, read the third time, and passed.

RELIEF OF CERTAIN DISBURSING OFFICERS OF TREASURY DEPARTMENT

The bill (H. R. 7851) for the relief of certain disbursing officers of the Division of Disbursement, Treasury Department, was considered, ordered to a third reading, read the third time, and passed.

WILLIE PERRY

The bill (H. R. 7957) for the relief of Willie Perry was considered, ordered to a third reading, read the third time, and passed.

ZOE HOYT WAGNER AND IO F. HOYT

The bill (H. R. 8028) for the relief of Zoe Hoyt Wagner and Io F. Hoyt was considered, ordered to a third reading, read the third time, and passed.

MAY C. TAYLOR

The bill (H. R. 8091) for the relief of May C. Taylor was considered, ordered to a third reading, read the third time, and passed.

THOMAS R. FOX

The bill (H. R. 8217) for the relief of Thomas R. Fox was considered, ordered to a third reading, read the third time, and passed.

CLYDE CAIETTI, A MINOR

The bill (H. R. 8246) for the relief of Clyde Caietti, a minor, was considered, ordered to a third reading, read the third time, and passed.

CHARLES H. AMOS HANDLE CO.

The bill (H. R. 8318) for the relief of the Charles H. Amos Handle Co. was considered, ordered to a third reading, read the third time, and passed.

EDNA S. GARDINER

The bill (H. R. 8459) for the relief of Edna S. Gardiner was considered, ordered to a third reading, read the third time, and passed.

DR. A. C. WADE

The bill (H. R. 8504) for the relief of Dr. A. C. Wade was considered, ordered to a third reading, read the third time, and passed.

RELIEF OF CERTAIN CLAIMANTS ON ACCOUNT OF FIRE LOSSES

The bill (H. R. 8666) for the relief of certain claimants on account of loss by fire for which the United States was adjudged liable was considered, ordered to a third reading, read the third time, and passed.

RUFUS K. SANDERLIN

The bill (H. R. 8946) for the relief of Rufus K. Sanderlin was considered, ordered to a third reading, read the third time, and passed.

FRED SHELTON

The bill (H. R. 9130) for the relief of Fred Shelton was considered, ordered to a third reading, read the third time, and passed.

EDWARD F. HIGGINS

The bill (H. R. 9520) for the relief of Edward F. Higgins, postmaster, Great Neck, N. Y., was considered, ordered to a third reading, read the third time, and passed.

RELIEF OF CERTAIN DISBURSING OFFICERS

The bill (H. R. 10034) for the relief of certain disbursing officers of the Treasury Department, the Department of the Interior, and the Army, was considered, ordered to a third reading, read the third time, and passed.

UNITED STATES CUSTOMHOUSE, DETROIT, MICH.

The joint resolution (H. J. Res. 472) to prohibit the sale or disposal of the United States Customhouse for the city of

Detroit was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

MONONGAHELA RIVER BRIDGES, ALLEGHENY COUNTY, PA.

The bill (H. R. 9828) to extend the times for commencing and completing the construction of bridges across the Monongahela River in Allegheny County, Pa., was considered, ordered to a third reading, read the third time, and passed.

DEPOSIT OF COLLECTIONS FOR OVERTIME IMMIGRATION SERVICES

The Senate proceeded to consider the bill (H. R. 5403) to provide for the deposit of certain collections for overtime immigration services to the credit of the appropriation chargeable with the payment for such services, and for other purposes, which had been reported from the Committee on Immigration with amendments, on page 1, line 3, after the word "That", to strike out "hereafter", and in the same line, after the word "collected", to insert "on or after July 1, 1941", so as to make the bill read:

Be it enacted, etc., That moneys collected on or after July 1, 1941, as extra compensation for overtime service of inspectors and employees of the Immigration Service pursuant to the act of March 2, 1931 (46 Stat. 1467), shall be deposited in the Treasury of the United States to the credit of the appropriation for the payment of salaries, field personnel of the Immigration and Naturalization Service, and the appropriation so credited shall be available for the payment of such compensation.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

UTILIZATION OF CERTAIN LANDS ON THE PUBLIC DOMAIN

The bill (H. R. 9389) to more effectively utilize certain lands of the public domain, and for other purposes, was announced as next in order.

Mr. THOMAS of Oklahoma. Mr. President, I understand that Calendar No. 9092, House bill 9389, has now been reached on the calendar.

This bill is a sort of an omnibus measure. For example, on page 3 we find that the text refers to a number of tribes of Indians, as follows:

First, the Shoshone Nation; second, the eastern division; third, the northwestern division; fourth, the Indians living on the Fort Hall Reservation; fifth, the Piute Indians; sixth, the western bands of the Shoshone Nation. Then we have the Shoshone-Goship Bands of Indians; and next, we have the mixed bands of Bannocks and Shoshones; and last, we have the northwestern division of the Shoshone Nation.

Mr. President, this bill purports to grant each of these Indian tribes, with certain exceptions, the right to go into the Court of Claims to assert their claims against the Government. The record shows that some of these different tribes have heretofore had introduced for them jurisdictional bills.

For example, Senate bill 72 was introduced on January 4, 1939, and referred to the Committee on Indian Affairs. The committee considered the bill, reported it favorably, and it passed the Senate on May 19, 1939.

A similar bill, not entirely identical but quite similar, is designated as House bill 9705. The bill has for its purpose almost identically the same end. This bill was passed by the House of Representatives on June 17, 1940, more than 1 year after the House of Representatives had sent to it the Senate bill.

Then the bill before the Senate at this time (H. R. 9389) has attached to it an amendment which embodies the provisions of Senate bill 3083. That was a bill introduced by the senior Senator from Arizona [Mr. ASHURST]. It was referred to the Committee on the Judiciary, and by that committee the bill was referred to a subcommittee. The subcommittee held extensive hearings on the bill, and I exhibit to the Senate a copy of the hearings.

Mr. President, the Judiciary Committee has made no report upon that bill. I cannot say whether or not the subcommittee made a report to the main committee; but the record

shows that the main committee has not made a report upon that bill.

The bill now before the Senate seems to be all-embracing, and seeks to give a number of these bands of Indians the right to go into the Court of Claims under the provisions of Senate bill 3083, a bill which has not as yet been reported to the Senate by the Judiciary Committee.

Mr. President, the whole subject matter, in my opinion, should have gone to the Indian Affairs Committee of the House but because of the wording of the title of the bill it was sent, not to the Indian Affairs Committee, but it was diverted to the Public Lands Committee. When the bill reached this body the title was so worded that the secretary no doubt thought the bill should go to the Public Lands Committee; and, not having examined the text of the bill, the bill was referred to the Public Lands Committee.

I make no criticism of the Public Lands Committee. The bill went to that committee in regular order, and it does have to do with public lands in a sense; but, in the main, the bill is an Indian bill, purporting to grant jurisdiction to numerous tribes to go into the Court of Claims under the provisions of the text of a bill which has not been reported on by the Judiciary Committee.

The senior Senator from Colorado [Mr. ADAMS], the chairman of the Public Lands Committee, is present, and I shall be glad to yield to him if he has any statement to make as to what should be done with this bill. It deals with public lands in one particular, it deals with Indian Affairs in many particulars, and it deals with the judiciary in another particular. All I want is to make a proper disposition of the measure; but it is not in shape for the Senate to pass upon it as it stands before the Senate at this hour.

Mr. ADAMS. Mr. President—

Mr. THOMAS of Oklahoma. I yield to the Senator from Colorado.

Mr. ADAMS. The statement of the Senator from Oklahoma is correct. The bill is one which might appropriately go to either of the committees named; and I think if matters could be so arranged that the two committees could cooperate in working out the problem involved in the bill it would be to the advantage of the bill.

The amendment suggested in the Public Lands Committee in reference to the jurisdictional feature, which was really the part which should more appropriately have gone to the Indian Affairs Committee, was put in because we felt that the limitations and restrictions which came to us in the House bill did not adequately protect the Government. The Senator is correct that the bill as prepared by the Attorney General's office was drawn upon as the basis for the amendment.

While I am on my feet I wish to make a comment upon a practice of the House. The Senator referred to Senate bill 72. Senate bill 72 was a bill introduced by myself for the sole purpose of correcting a typographical error in a bill which was passed. By error, the word "range" had been used where the word "township" should have been used. The bill passed the Senate and went to the House. When it came back 26 pages had been added to it, establishing a right to go into the Court of Claims.

Mr. THOMAS of Oklahoma. Mr. President, the Senate Committee on Indian Affairs has heretofore referred a number of these bills to the Comptroller General for a report, and I have a copy of one of these reports. It is found in the report submitted by the chairman of the Public Lands Committee. The particular part to which I refer is on page 4. The Comptroller General reports that House bill 9705 and Senate bill 72 are in substance practically identical, although the two bills are arranged differently.

The last paragraph of the report submitted by the Comptroller General is as follows:

The third and fourth provisos of H. R. 9389 are similar to the provisions of S. 72 regarding set-offs, and for reasons stated in my report of June 13, 1940, on the latter bill, both provisos are considered undesirable and, it is believed, should be eliminated from the bill.

So the Comptroller General reports adversely upon at least two provisions of the bill. For the present, I am forced to object to the consideration of the measure.

The PRESIDENT pro tempore. Objection being made, the bill will be passed over.

The last measure on the calendar, Senate Joint Resolution 286, Calendar No. 2094, has been heretofore passed over.

INSURANCE BENEFITS FOR CERTAIN PERSONS ENGAGED IN COAL-MINING OPERATIONS

Mr. WHEELER. Mr. President, I move that the Senate proceed to the consideration of Senate bill 4070, Calendar No. 1828.

Mr. DANAHER. Mr. President, I did not understand from the reading clerk what happened to Calendar No. 2094, Senate Joint Resolution 286.

The PRESIDENT pro tempore. That is the National Guard bill, which, under the agreement, will come up on Monday.

Mr. DANAHER. I thank the Chair.

Mr. McNARY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Oregon?

Mr. WHEELER. I do.

Mr. McNARY. Has request been made to proceed to the consideration of Senate bill 4070?

Mr. WHEELER. Yes.

Mr. ADAMS. There is a measure on the calendar which was passed over and which should be considered.

Mr. WHEELER. Let me dispose of this bill, and then I shall have no objection.

Mr. McNARY. May I ask the character of the proposed legislation?

Mr. WHEELER. I think there is no opposition whatsoever to it.

Mr. McNARY. I am not myself indicating any opposition.

Mr. WHEELER. It has been held that captive mines come under the Railroad Retirement Act. This bill merely attempts to correct the interpretation which has been put upon the law by the Retirement Board. The Board is in favor of the proposed legislation, the railroads, the mining companies, and the railroad brotherhoods are all in favor of it.

Mr. DAVIS. The miners are also in favor of it.

Mr. WHEELER. The miners are in favor of it; so everyone interested is in favor of it.

Mr. McNARY. Did the committee favorably report the bill?

Mr. WHEELER. Yes; the bill was unanimously reported by the committee.

Mr. McNARY. I have no objection.

The PRESIDENT pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 4070) to provide for the more uniform coverage of certain persons employed in coal-mining operations with respect to insurance benefits provided for by certain Federal acts, and for other purposes, which had been reported from the Committee on Interstate Commerce with amendments, in section 2, page 2, line 11, after the words "end of", to insert the word "each"; in section 3, page 2, line 22, before the word "Fifth", to strike out "Paragraph" and to insert "paragraph"; in section 4, page 3, line 22, to insert a comma between "Act" and "but"; in line 23, after the word "service", to strike out the comma and the word "or" and to insert the word "of"; in section 5, page 5, line 17, after the word "after", insert a comma, and after the word "Act", to strike out the comma, so as to make the bill read:

Be it enacted, etc., That section 1 (a) of the Railroad Retirement Act of 1937, section 1 (a) of the Carriers Taxing Act of 1937, section 1532 (a) of the Internal Revenue Code, and section 1 (a) of the Railroad Unemployment Insurance Act are amended, effective in the case of each such act as of the date of its enactment, by adding at the end of each such section the following new sentence: "The term 'employer' shall not include any company by reason of its being engaged in the mining of coal, the supplying of coal to an employer where delivery is not beyond the mine tipples, and the operation of equipment or facilities therefor, or in any of such activities."

Sec. 2. Section 1 (a) of the Railroad Retirement Act of 1935 and paragraph First of section 1 of the Railway Labor Act, as amended, are amended, effective in the case of each such act as

of the date of its enactment, by adding at the end of each such section and paragraph the following new sentence: "The term 'carrier' shall not include any company by reason of its being engaged in the mining of coal, the supplying of coal to a carrier where delivery is not beyond the mine tippie, and the operation of equipment or facilities therefor, or in any of such activities."

SEC. 3. Section 1 (b) of the Railroad Retirement Act of 1937, section 1 (b) of the Carriers Taxing Act of 1937, section 1532 (b) of the Internal Revenue Code, the first paragraph of section 1 (d) of the Railroad Unemployment Insurance Act, section 1 (b) of the Railroad Retirement Act of 1935, and paragraph Fifth of section 1 of the Railway Labor Act, as amended, are amended, in the case of each such act as of the date of its enactment, by adding at the end of each such section and paragraph the following new paragraph:

"The term 'employee' shall not include any individual while such individual is engaged in the physical operations consisting of the mining of coal, the preparation of coal, the handling (other than movement by rail with standard railroad locomotives) of coal not beyond the mine tippie, or the loading of coal at the tippie."

SEC. 4. (a) The laws hereby expressly amended, the Social Security Act, approved August 14, 1935, and all amendments thereto, shall operate as if each amendment herein contained had been enacted as a part of the law it amends, at the time of the original enactment of such law.

(b) No person (as defined in the Carriers Taxing Act of 1937) shall be entitled, by reason of the provisions of this act, to a refund of, or relief from liability for, any income or excise taxes paid or accrued, pursuant to the provisions of the Carriers Taxing Act of 1937 or subchapter B of chapter 9 of the Internal Revenue Code, prior to the date of the enactment of this act by reason of employment in the service of any carrier by railroad subject to part I of the Interstate Commerce Act, but any individual who has been employed in such service of any carrier by railroad subject to part I of the Interstate Commerce Act, as is excluded by the amendments made by this act from coverage under the Carriers Taxing Act of 1937 and subchapter B of chapter 9 of the Internal Revenue Code, and who has paid income taxes under the provisions of such act or subchapter, and any carrier by railroad subject to part I of the Interstate Commerce Act which has paid excise taxes under the provisions of the Carriers Taxing Act of 1937 or subchapter B of chapter 9 of the Internal Revenue Code may, upon making proper application therefor to the Bureau of Internal Revenue, have the amount of taxes so paid applied in reduction of such tax liability with respect to employment, as may, by reason of the amendments made by this act, accrue against them under the provisions of title VIII of the Social Security Act or the Federal Insurance Contributions Act (subchapter A of chapter 9 of the Internal Revenue Code).

(c) Nothing contained in this act shall operate (1) to affect any annuity, pension, or death benefit granted under the Railroad Retirement Act of 1935 or the Railroad Retirement Act of 1937, prior to the date of enactment of this act, or (2) to include any of the services on the basis of which any such annuity or pension was granted, as employment within the meaning of section 210 (b) of the Social Security Act or section 209 (b) of such act, as amended. In any case in which a death benefit alone has been granted, the amount of such death benefit attributable to services, coverage of which is affected by this act, shall be deemed to have been paid to the deceased under section 204 of the Social Security Act in effect prior to January 1, 1940, and deductions shall be made from any insurance benefit or benefits payable under the Social Security Act, as amended, with respect to wages paid to an individual for such services until such deductions total the amount of such death benefit attributable to such services.

(d) Nothing contained in this act shall operate to affect the benefit rights of any individual under the Railroad Unemployment Insurance Act for any day of unemployment (as defined in section 1 (k) of such act) occurring prior to the date of enactment of this act.

SEC. 5. Any application for payment filed with the Railroad Retirement Board prior to, or within 60 days after, the enactment of this act, shall, under such regulations as the Social Security Board may prescribe, be deemed to be an application filed with the Social Security Board by such individual or by any person claiming any payment with respect to the wages of such individual, under any provision of section 202 of the Social Security Act, as amended.

SEC. 6. Nothing contained in this act, nor the action of Congress in adopting it, shall be taken or considered as affecting the question of what carriers, companies, or individuals, other than those in this act specifically provided for, are included in or excluded from the provisions of the various laws to which this act is an amendment.

SEC. 7. (a) Notwithstanding the provisions of section 1605 (b) of the Internal Revenue Code, no interest shall, during the period February 1, 1940, to the eighty-ninth day after the date of enactment of this act, inclusive, accrue by reason of delinquency in the payment of the tax imposed by section 1600 with respect to services affected by this act performed during the period July 1, 1939, to December 31, 1939, inclusive, with respect to which services amounts have been paid as contributions under the Railroad Unemployment Insurance Act prior to the date of enactment of this act.

(b) Notwithstanding the provisions of section 1601 (a) (3) of the Internal Revenue Code, the credit allowable under section

1601 (a) against the tax imposed by section 1600 for the calendar year 1939 shall not be disallowed or reduced by reason of the payment into a State unemployment fund after January 31, 1940, of contributions with respect to services affected by this act performed during the period July 1, 1939, to December 31, 1939, inclusive, with respect to which services amounts have been paid as contributions under the Railroad Unemployment Insurance Act prior to the date of enactment of this act: *Provided*, That this subsection shall be applicable only if the contributions with respect to such services are paid into the State unemployment fund before the ninetieth day after the date of enactment of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FOREIGN ACCOUNTS IN FEDERAL RESERVE BANKS

The PRESIDENT pro tempore. House bill 10127, to amend the Federal Reserve Act, was passed over when reached on the calendar. Is any action desired on the bill?

Mr. ADAMS. The bill which went over was Senate bill 4174, relating to foreign accounts in Federal Reserve banks.

The PRESIDENT pro tempore. The Senate bill went over.

Mr. ADAMS. Yes; and I was about to ask the Senator from Kentucky, who is also a member of the Committee on Banking and Currency, what he thought should be done. I desire to offer an amendment, and the other members of the committee may not concur in the amendment.

Mr. BARKLEY. Mr. President, this bill was almost passed before the recess prior to the Chicago convention, but because of some misunderstanding in the language of the bill which was passed by the House the consideration of the measure was not completed. It is very desirable to have the bill acted upon, but the Senator from New York [Mr. WAGNER] and the Senator from Michigan [Mr. BROWN] are both temporarily absent, and I am not in a position to urge that the bill be considered today.

Mr. ADAMS. It will be agreeable to the Senator from Kentucky to have the bill go over?

Mr. BARKLEY. Yes. I suggest that the Senator from Colorado offer his amendment.

Mr. ADAMS. If I may, I will offer the amendment so that it may be pending when the bill is taken up.

The PRESIDENT pro tempore. There is an amendment pending at this time, one offered by the Senator from Michigan [Mr. BROWN].

Mr. ADAMS. That is a different amendment.

The PRESIDENT pro tempore. The amendment presented by the Senator from Colorado will be printed and will lie on the table.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations (and withdrawing a nomination), which were referred to the appropriate committees.

(For nominations this day received and nomination withdrawn, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON (for Mr. BAILEY), from the Committee on Finance, reported favorably the nomination of LINDSAY C. WARREN, of North Carolina, to be Comptroller General of the United States, for a term of 15 years, vice Fred H. Brown, resigned.

He also, from the same committee, reported favorably the nominations of sundry officers for promotion, and several doctors for appointment, in the Public Health Service.

Mr. LODGE, from the Committee on Finance, reported favorably the nomination of Fred H. Brown, of New Hampshire, to be a member of the United States Tariff Commission for the remainder of the term expiring June 16, 1941.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nomination of Brig. Gen. Mervin Gilbert McConnel, Idaho National Guard, to be brigadier general, National Guard of the United States, under the provisions of law.

Mr. HILL, from the Committee on Commerce, reported favorably the nomination of George P. Baker, of Massachusetts, to be a member of the Civil Aeronautics Board in the Department of Commerce for the remainder of the term expiring December 31, 1943, vice Robert H. Hinckley.

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of Walter A. Foote, of Texas, now a Foreign Service officer of class 4, and a secretary in the Diplomatic Service, to be also a consul general.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Fay L. Bentley, of the District of Columbia, to be judge of the juvenile court for the District of Columbia.

NOMINATIONS OF FRED H. BROWN AND LINDSAY C. WARREN

The PRESIDENT pro tempore. If there be no further reports of committees, the calendar is in order.

Mr. BARKLEY. Mr. President, two reports have been made today from the Committee on Finance, one of the nomination of Mr. Fred H. Brown, of New Hampshire, to be a member of the Tariff Commission, and one of Mr. LINDSAY C. WARREN, a Member of the House of Representatives from North Carolina, to become Comptroller General. In view of the proposed adjournment until Monday, I ask unanimous consent that the two nominations be now considered.

Mr. McNARY. Mr. President, are there favorable reports on both nominations?

Mr. BARKLEY. Both were reported favorably.

Mr. McNARY. Was the report unanimous in each case?

Mr. BARKLEY. It was unanimous.

Mr. GEORGE. Mr. President, I hope that consent for the immediate consideration of these nominations will be given. They were both reported unanimously by the Finance Committee.

I should like to take occasion to say, with respect to Mr. LINDSAY C. WARREN, long a Member of the House of Representatives from the State of North Carolina, that his departure from the legislative branch of the Government is a matter of genuine regret to his friends, not only in the State of North Carolina but throughout the country. Mr. WARREN is eminently well fitted for the responsible position of Comptroller General, an office in which very stern and high qualities are demanded at this time. Mr. WARREN is undoubtedly today one of the ablest men in public life in the United States.

Mr. BARKLEY. Mr. President, I wish to join the Senator from Georgia in the sentiments he has expressed concerning Mr. LINDSAY WARREN, a Member of the House of Representatives from North Carolina. We have all come in contact with him during his long membership in the House, both as Members of the House and in committees of the Senate and the House, and I think there is no more conscientious, able, industrious, or devoted public servant in either branch of Congress than LINDSAY WARREN. While I share the regret that he is leaving the legislative branch, I congratulate the President and the Government on the prospect of his service in the important position to which he has been appointed.

The PRESIDENT pro tempore. The clerk will state the nominations.

The legislative clerk read the nomination of Fred H. Brown, of New Hampshire, to be a member of the United States Tariff Commission.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COMPTROLLER GENERAL

The legislative clerk read the nomination of LINDSAY C. WARREN, of North Carolina, to be Comptroller General.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. BARKLEY. Mr. President, I ask that the President be notified immediately of both these confirmations.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the President will be immediately notified.

ADJOURNMENT TO MONDAY

Mr. BARKLEY. As in legislative session, I move that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 1 o'clock and 35 minutes p. m.) the Senate adjourned until Monday, August 5, 1940, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 1, 1940

COMPTROLLER GENERAL OF THE UNITED STATES

LINDSAY C. WARREN, of North Carolina, to be Comptroller General of the United States for a term of 15 years, vice Fred H. Brown, resigned.

UNITED STATES TARIFF COMMISSION

Edward Dana Durand, of Minnesota, to be a member of the United States Tariff Commission for the term expiring June 16, 1946. (Reappointment.)

COAST GUARD OF THE UNITED STATES

The following-named persons in the Coast Guard of the United States, to take effect from dates of oath:

John A. Turmala to be a chief boatswain.

Theodore G. Munson to be a chief machinist.

William J. H. Siekemeyer to be a chief boatswain.

Louis J. Perry to be a chief machinist.

The following-named officers in the Coast Guard of the United States, to rank as such from the dates set opposite their names:

TO BE COMMANDERS

Lt. Comdr. Paul K. Perry, May 1, 1940.

Lt. Comdr. William J. Kossler, May 25, 1940.

Lt. Comdr. Merlin O'Neill, May 25, 1940.

Lt. Comdr. Norman H. Leslie, May 25, 1940.

Lt. Comdr. Norman R. Stiles, July 1, 1940.

TO BE LIEUTENANT COMMANDERS

Lt. Walter S. Anderson, July 1, 1939.

Lt. Donald E. McKay, July 1, 1939.

Lt. Vernon E. Day, August 5, 1939.

Lt. Leslie B. Tollaksen, August 5, 1939.

Lt. John L. Steinmetz, August 5, 1939.

Lt. Stanley C. Linholm, August 29, 1939.

Lt. Fred P. Vetterick, September 2, 1939.

Lt. George M. Phannemiller, January 1, 1940.

Lt. George F. Hicks, February 1, 1940.

Lt. Clarence F. Edge, May 1, 1940.

Lt. Alexander L. Ford, May 25, 1940.

Lt. Stephen H. Evans, May 25, 1940.

Lt. John A. Glynn, May 25, 1940.

Lt. John E. Fairbank, May 25, 1940.

Lt. Joseph A. Kerrins, May 25, 1940.

Lt. Edward H. Thiele, May 25, 1940.

TO BE LIEUTENANTS

Lt. (Jr. Gr.) Robert S. Lecky, August 5, 1939.

Lt. (Jr. Gr.) Emmet T. Calahan, August 5, 1939.

Lt. (Jr. Gr.) Joseph F. McCue, August 5, 1939.

APPOINTMENTS IN THE REGULAR ARMY

To be second lieutenants with rank from date of appointment

Howard Clarence Aylesworth, Infantry.

Robert Louis Dickerson, Infantry.

Gordon Arthur Bahe, Infantry.

Joseph Earl Treadway, Coast Artillery Corps.

To be chaplains, with the rank of first lieutenant, with rank from date of appointment

Terrence Patrick Finnegan

John Joseph McDonnell

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO ADJUTANT GENERAL'S DEPARTMENT

Maj. Gordon Sherman Armes, Cavalry, with rank from July 1, 1940.

Maj. L. Hoyt Rockafellow, Infantry, with rank from July 1, 1940.

Maj. Lawrence Edward Schick, Cavalry, with rank from July 1, 1940.

TO QUARTERMASTER CORPS

Maj. Joseph James Canella, Infantry, with rank from August 1, 1935.

Maj. Millard Stowe Curtis, Infantry, with rank from July 1, 1939.

Maj. Crowell Edward Pease, Field Artillery, with rank from July 1, 1940.

Capt. William Everton Pheris, Infantry, with rank from August 1, 1935.

Second Lt. Harvey Lloyd Brown, Jr., Infantry, with rank from June 14, 1938.

TO SIGNAL CORPS

Capt. James Elmer Totten, Infantry, with rank from June 9, 1938.

TO CHEMICAL WARFARE SERVICE

First Lt. Richard Robert Danek, Infantry, with rank from August 1, 1935.

First Lt. Harrison Schermerhorn Markham, Infantry, with rank from August 1, 1938, effective September 29, 1940.

TO CAVALRY

First Lt. Franklin Rogers Sibert, Infantry, with rank from June 12, 1939.

TO AIR CORPS

Second Lt. Delmer Joseph Rogers, Corps of Engineers, with rank from June 12, 1939.

PROMOTIONS IN THE REGULAR ARMY

To be lieutenant colonels

Maj. Theodore Besson Apgar, Cavalry, from July 1, 1940.

Maj. Ernest Terrill Barco, Field Artillery, from July 1, 1940.

Maj. Lester Amiel Daugherty, Field Artillery, from July 1, 1940.

Maj. Leland Adrian Miller, Ordnance Department, from July 1, 1940.

Maj. Raymond Edward O'Neill, Air Corps (temporary lieutenant colonel, Air Corps), from July 1, 1940.

Maj. Robert Alexander Laird, Corps of Engineers, from July 1, 1940.

Maj. Frank Melvin S. Johnson, Corps of Engineers, from July 1, 1940.

Maj. Porter Prescott Lowry, Coast Artillery Corps, from July 1, 1940.

Maj. Jerome Jackson Waters, Jr., Field Artillery, from July 1, 1940.

Maj. William Almond Shely, Infantry, from July 1, 1940.

Maj. John Urban Ayotte, Infantry, from July 1, 1940.

Maj. Charles Heyward Barnwell, Jr., Infantry, from July 1, 1940.

Maj. Thomas Grafton Hanson, Jr., Cavalry, from July 1, 1940.

Maj. Edward George Herlihy, Infantry, from July 1, 1940.

Maj. George Albert Moore, Cavalry, from July 1, 1940.

Maj. Arnold John Funk, Infantry, from July 1, 1940.

Maj. Alexander Shepherd Quintard, Field Artillery, from July 1, 1940.

Maj. Harry Allen Skerry, Corps of Engineers, from July 1, 1940.

Maj. Roscoe Stewart Parker, Cavalry, from July 1, 1940.

Maj. Norman Minus, Quartermaster Corps, from July 1, 1940.

Maj. Heywood Shallus Dodd, Cavalry, from July 1, 1940.

Maj. Kent Craig Lambert, Cavalry, from July 1, 1940.

Maj. George Edward Huthsteiner, Cavalry, from July 1, 1940, subject to examination required by law.

Maj. Maurice Morgan, Coast Artillery Corps, from July 1, 1940.

Maj. Sylvester Emery Nortner, Corps of Engineers, from July 1, 1940.

Maj. Frank Wiltshire Gana, Corps of Engineers, from July 1, 1940.

Maj. John Leonard Pierce, Infantry, from July 1, 1940.

Maj. John Joseph Atkinson, Field Artillery, from July 1, 1940.

Maj. Charles Frederick Houghton, Cavalry, from July 1, 1940.

Maj. Lowell Warde Rooks, Infantry, from July 1, 1940.

Maj. Samuel Davies Bedinger, Field Artillery, from July 1, 1940.

Maj. Malcolm Vaughn Fortier, Infantry, from July 1, 1940.

Maj. John Walter Nicholson, Infantry, from July 1, 1940.

Maj. Ray Bradford Conner, Finance Department, from July 1, 1940.

Maj. John Lloyd McKee, Infantry, from July 1, 1940.

Maj. Glenn Luman Allen, Infantry, from July 1, 1940.

Maj. Charles Rouse Jones, Infantry, from July 1, 1940.

Maj. Willard Stewart Paul, Infantry, from July 1, 1940.

Maj. Robert Henry Chance, Infantry, from July 1, 1940.

Maj. Harry Augustine Buckley, Cavalry, from July 1, 1940.

Maj. March Hugo Houser, Chemical Warfare Service, from July 1, 1940.

Maj. Willfred Rowell Higgins, Infantry, from July 1, 1940.

Maj. Jesse Plez Green, Infantry, from July 1, 1940.

Maj. Howard Winthrop Turner, Field Artillery, from July 1, 1940.

Maj. William Audley Taber, Infantry, from July 1, 1940.

Maj. Henry Garner Sebastian, Infantry, from July 1, 1940.

Maj. Wesley Crowell Brigham, Field Artillery, from July 1, 1940.

Maj. Cyrus Higginson Searcy, Infantry, from July 1, 1940.

Maj. Leon Edward Norris, Infantry, from July 1, 1940.

Maj. Jack Lester Meyer, Quartermaster Corps, from July 1, 1940.

Maj. Turner Ransom Sharp, Quartermaster Corps, from July 1, 1940.

Maj. Clay Irvin Hoppough, Signal Corps, from July 1, 1940.

Maj. Remi Paul Hueper, Finance Department, from July 1, 1940.

Maj. William Joshua Jackson, Quartermaster Corps, from July 1, 1940.

Maj. Fred During, Infantry, from July 1, 1940.

Maj. John Robert Francis, Infantry, from July 1, 1940.

Maj. Rene Eugene Fraile, Adjutant General's Department, from July 1, 1940.

Maj. Clinton Rush, Infantry, from July 1, 1940, subject to examination required by law.

Maj. George Louis Danforth, Field Artillery, from July 1, 1940.

Maj. Ward Currey Goessling, Field Artillery, from July 1, 1940.

Maj. Harold Burton Gibson, Cavalry, from July 1, 1940.

Maj. Victor Roland Woodruff, Field Artillery, from July 1, 1940.

Maj. Gustav Adolph Mellanchton Anderson, Infantry, from July 1, 1940.

Maj. Melvin Selmer Williamson, Cavalry, from July 1, 1940.

Maj. Robert William Yates, Field Artillery, from July 1, 1940.

Maj. Dana Caswell Schmahl, Field Artillery, from July 1, 1940.

Maj. Wilbur Granville Dockum, Field Artillery, from July 1, 1940.

Maj. Clinton Mansfield Lucas, Field Artillery, from July 1, 1940.

Maj. Harry Adamson, Quartermaster Corps, from July 1, 1940.

Maj. Samuel Gilbert Fairchild, Field Artillery, from July 1, 1940.

Maj. Leslie Leonard Connett, Infantry, from July 1, 1940.

Maj. Owen Rivers Rhoads, Infantry, from July 1, 1940.

Maj. Carl Russell Adams, Coast Artillery Corps, from July 1, 1940.

Maj. Elmer Forrest Wallender, Quartermaster Corps, from July 1, 1940.

Maj. Harry Vincent Hand, Infantry, from July 1, 1940.

Maj. Ben Menadue Sawbridge, Field Artillery, from July 1, 1940.

- Maj. Dominic Joseph Sabini, Field Artillery, from July 1, 1940.
- Maj. Herman Feldman, Quartermaster Corps, from July 1, 1940.
- Maj. Ned Blair, Infantry, from July 1, 1940.
- Maj. Ernest Alvin Kindervater, Infantry, from July 1, 1940.
- Maj. Gordon Cogswell Irwin, Signal Corps, from July 1, 1940.
- Maj. Everett Marion Yon, Infantry, from July 1, 1940.
- Maj. John Harvey Fye, Field Artillery, from July 1, 1940.
- Maj. George Mood MacMullin, Infantry, from July 1, 1940.
- Maj. Nicholas Szilagyi, Infantry, from July 1, 1940.
- Maj. Frederick Weston Hyde, Infantry, from July 1, 1940.
- Maj. Charles Royal Lehner, Field Artillery, from July 1, 1940.
- Maj. Rosser Lee Hunter, Infantry, from July 1, 1940.
- Maj. Carroll Arthur Powell, Signal Corps, from July 1, 1940, subject to examination required by law.
- Maj. Feodor Otto Schmidt, Infantry, from July 1, 1940.
- Maj. James Francis Brittingham, Field Artillery, from July 1, 1940.
- Maj. Frank Clide De Langton, Cavalry, from July 1, 1940.
- Maj. Oscar Bergstrom Abbott, Infantry, from July 1, 1940.
- Maj. George Seymour McCullough, Infantry, from July 1, 1940, subject to examination required by law.
- Maj. Carter Roderick McLennan, Cavalry, from July 1, 1940.
- Maj. Geoffrey Galwey, Cavalry, from July 1, 1940.
- Maj. Louis Garland Gibney, Cavalry, from July 1, 1940.
- Maj. David Seth Doggett, Field Artillery, from July 1, 1940.
- Maj. Thomas Grady Jenkins, Infantry, from July 1, 1940.
- Maj. Roy Dayton Burdick, Corps of Engineers, from July 1, 1940.
- Maj. Leslie Carlyle Wheat, Infantry, from July 1, 1940.
- Maj. Lawrence Harold Bixby, Field Artillery, from July 1, 1940.
- Maj. Walter Compere Lattimore, Field Artillery, from July 1, 1940.
- Maj. Russell Hubbard Dixon, Field Artillery, from July 1, 1940.
- Maj. Everett Marshall Graves, Field Artillery, from July 1, 1940.
- Maj. William Tuttle Hamilton, Cavalry, from July 1, 1940.
- Maj. William Valentine McCreight, Infantry, from July 1, 1940.
- Maj. John Henry Ringe, Infantry, from July 1, 1940.
- Maj. Virgil Bell, Infantry, from July 1, 1940.
- Maj. William Granville Purdy, Infantry, from July 1, 1940.
- Maj. Chesley Ray Miller, Infantry, from July 1, 1940.
- Maj. Frederick Francis Duggan, Cavalry, from July 1, 1940, subject to examination required by law.
- Maj. Walter Lee Mitchell, Infantry, from July 1, 1940.
- Maj. Robert Franklin Dark, Infantry, from July 1, 1940.
- Maj. Mimucan Dabney Cannon, Infantry, from July 1, 1940.
- Maj. Harry Howard Baird, Cavalry, from July 1, 1940.
- Maj. Ralph Slate, Infantry, from July 1, 1940.
- Maj. Nathan Eugene McCluer, Field Artillery, from July 1, 1940, subject to examination required by law.
- Maj. Ernest John, Infantry, from July 1, 1940.
- Maj. Ralph Marshal Caulkins, Infantry, from July 1, 1940.
- Maj. William Taylor Bauskett, Jr., Cavalry, from July 1, 1940.
- Maj. Claudius Leo Lloyd, Infantry, from July 1, 1940.
- Maj. Carlisle Barksdale Cox, Cavalry, from July 1, 1940.
- Maj. Joseph Lester Brooks, Quartermaster Corps, from July 1, 1940.
- Maj. Carlos Watkins Bonham, Field Artillery, from July 1, 1940.
- Maj. Sidney James Cutler, Field Artillery, from July 1, 1940.
- Maj. Theodore James Sledge, Infantry, from July 1, 1940.
- Maj. Henry Hardy Slicer, Coast Artillery Corps, from July 1, 1940.
- Maj. Stanley Gloninger Saulnier, Infantry, from July 1, 1940.
- Maj. Will Hughes Gordon, Infantry, from July 1, 1940, subject to examination required by law.
- Maj. Thomas Cole Brown, Infantry, from July 1, 1940.
- Maj. Thomas Joseph Johnston, Chemical Warfare Service, from July 1, 1940.
- Maj. John Marion Rhodes, Quartermaster Corps, from July 1, 1940.
- Maj. Dudley Blanchard Howard, Air Corps (temporary lieutenant colonel, Air Corps), from July 1, 1940.
- Maj. Willard Wadsworth Irvine, Coast Artillery Corps, from July 1, 1940.
- Maj. Charles Emerson Boyle, Field Artillery, from July 1, 1940.
- Maj. William Doughty Evans, Coast Artillery Corps, from July 1, 1940.
- Maj. William Benjamin Tuttle, Infantry, from July 1, 1940.
- Maj. Donald Armpriester Stroh, Infantry, from July 1, 1940.
- Maj. Edwin Adolph Henn, Field Artillery, from July 1, 1940.
- Maj. Russell Thomas George, Coast Artillery Corps, from July 1, 1940.
- Maj. Thomas Clyde McCormick, Field Artillery, from July 1, 1940.
- Maj. Erskine Ashley Franklin, Cavalry, from July 1, 1940.
- Maj. Albert Miller Jackson, Coast Artillery Corps, from July 1, 1940.
- Maj. George Raymond Owens, Coast Artillery Corps, from July 1, 1940.
- Maj. Andrew Davis Bruce, Infantry, from July 1, 1940.
- Maj. John Edward Maher, Cavalry, from July 1, 1940.
- Maj. Joseph Philip Kohn, Coast Artillery Corps, from July 1, 1940.
- Maj. Dallas Loyd Knoll, Quartermaster Corps, from July 1, 1940.
- Maj. Robert Justin Van Buskirk, Coast Artillery Corps, from July 1, 1940.
- Maj. Floyd Emerson Galloway, Air Corps (temporary lieutenant colonel, Air Corps), from July 1, 1940.
- Maj. John Edwin Selby, Cavalry, from July 1, 1940.
- Maj. Herbert Everett Watkins, Cavalry, from July 1, 1940.
- Maj. Henry Yost Lyon, Infantry, from July 1, 1940.
- Maj. Joseph Anthony Cistero, Infantry, from July 1, 1940.
- Maj. Thomas William Freeman, Infantry, from July 1, 1940.
- Maj. Paxton Sterrett Campbell, Quartermaster Corps, from July 1, 1940.
- Maj. William Ross Irvin, Cavalry, from July 1, 1940.
- Maj. Alfred Lyons Baylies, Cavalry, from July 1, 1940.
- Maj. Roy Leo Schuyler, Infantry, from July 1, 1940.
- Maj. Louis DeSaussure Hutson, Infantry, from July 1, 1940.
- Maj. Lathan Hunter Collins, Cavalry, from July 1, 1940.
- Maj. Loren Prescott Stewart, Infantry, from July 1, 1940.

To be majors

- Capt. Carl Brown McDaniel, Air Corps (temporary major, Air Corps), from July 2, 1940.
- Capt. Carlisle Brown Irwin, Infantry, from July 2, 1940.
- Capt. Lee Carl Vance, Cavalry, from July 2, 1940.
- Capt. Russell Vivian Perry, Quartermaster Corps, from July 2, 1940.
- Capt. Thomas Davison Drake, Infantry, July 2, 1940.
- Capt. Granville Victor Morse, Cavalry, from July 2, 1940.
- Capt. Herbert Spencer Jordan, Infantry, from July 3, 1940.
- Capt. Dresden James Cragun, Finance Department, from July 3, 1940.
- Capt. Edward Harvey Clouser, Quartermaster Corps, from July 3, 1940.
- Capt. Herbert Kenneth Baisley, Air Corps (temporary major, Air Corps), from July 3, 1940.
- Capt. Thomas Robinson, Cavalry, from July 3, 1940.
- Capt. John Kraybill Nissley, Air Corps (temporary major, Air Corps), from July 3, 1940.
- Capt. William Rush Blakely, Infantry, from July 3, 1940.
- Capt. Carl Eugene Anderson, Infantry, from July 3, 1940.

Capt. William Douglass Paschall, Field Artillery, from July 3, 1940.
 Capt. Frederick Mott Thompson, Infantry, from July 3, 1940.
 Capt. Voris Hamilton Connor, Field Artillery, from July 3, 1940.
 Capt. Arthur Bordeaux Nicholson, Coast Artillery Corps, from July 3, 1940.
 Capt. Girville Leighton Field, Coast Artillery Corps, from July 3, 1940.
 Capt. Staten Eugene Rail, Infantry, from July 3, 1940.
 Capt. Don Emerson Carleton, Cavalry, from July 3, 1940.
 Capt. Kenneth Lafayette Johnson, Field Artillery, from July 3, 1940.
 Capt. Eugene Haworth Vernon, Infantry, from July 3, 1940.
 Capt. Paul Green Kendall, Cavalry, from July 3, 1940.
 Capt. Ralph Waldo Russell, Coast Artillery Corps, from July 3, 1940.
 Capt. Archibald Yarborough Smith, Air Corps (temporary major, Air Corps), from July 3, 1940.
 Capt. DeWitt Ballard, Infantry, from July 3, 1940.
 Capt. James Lendsey McKinnon, Field Artillery, from July 3, 1940.
 Capt. Willis Glenn Cronk, Infantry, from July 3, 1940.
 Capt. Richard Tyler Willson, Cavalry, from July 3, 1940.
 Capt. Leslie Lee Hittle, Field Artillery, from July 3, 1940.
 Capt. Leslie Furness Young, Field Artillery, from July 3, 1940.
 Capt. Eugene Desiré Regad, Ordnance Department, from July 3, 1940.
 Capt. Donald Taylor Beeler, Infantry, from July 3, 1940.
 Capt. Charles Creswell Blakeney, Field Artillery, from July 3, 1940.
 Capt. William Mason Hoke, Infantry, from July 3, 1940.
 Capt. Willard Fromm Millice, Field Artillery, from July 3, 1940.
 Capt. Elvin Hamilton Burger, Infantry, from July 3, 1940.
 Capt. James Freeland McGraw, Infantry, from July 3, 1940.
 Capt. Richard Searl Marr, Field Artillery, from July 3, 1940.
 Capt. Leonard James Greeley, Chemical Warfare Service, from July 3, 1940.
 Capt. Kingsley Sherman Andersson, Corps of Engineers, from July 3, 1940.
 Capt. William Frishe Dean, Infantry, from July 3, 1940.
 Capt. Ben Early Cordell, Coast Artillery Corps, from July 3, 1940.
 Capt. Dalies Joshua Oyster, Field Artillery, from July 3, 1940.
 Capt. George Phillips Privett, Field Artillery, from July 3, 1940.
 Capt. William Lindsay McPherson, Coast Artillery Corps, from July 3, 1940.
 Capt. William Vincent Gray, Infantry, from July 3, 1940.
 Capt. Daniel Peter Norman, Infantry, from July 3, 1940.
 Capt. John Mitchell England, Coast Artillery Corps, from July 3, 1940.
 Capt. Floyd Cornelius Devenbeck, Ordnance Department, from July 3, 1940.
 Capt. William Black Forse, Infantry, from July 3, 1940.
 Capt. William Brown Short, Coast Artillery Corps, from July 3, 1940.
 Capt. John Wallace Homewood, Infantry, from July 3, 1940.
 Capt. James Vestie Collier, Field Artillery, from July 3, 1940.
 Capt. Edwin Kennedy Wright, Infantry, from July 3, 1940.
 Capt. Clint Leroy Taylor, Field Artillery, from July 3, 1940.
 Capt. Richard Herbert Torovsky, Quartermaster Corps, from July 3, 1940.
 Capt. Philip Mapes Shockley, Quartermaster Corps, from July 3, 1940.
 Capt. Charles Goodwin Percy, Air Corps (temporary major, Air Corps), from July 3, 1940.

MEDICAL CORPS

To be majors

Capt. Daniel John Berry, Medical Corps, from August 1, 1940.
 Capt. William Augustus Hadly, Jr., Medical Corps, from August 1, 1940.
 Capt. Roary Adlai Murchison, Medical Corps, from August 1, 1940.
 Capt. Paul Hayes, Medical Corps, from August 1, 1940.
 Capt. Hugh Logan Prather, Medical Corps, from August 1, 1940.
 Capt. George Hollander Donnelly, Medical Corps, from August 1, 1940.
 Capt. Francis Willard Pruitt, Medical Corps, from August 1, 1940.
 Capt. Elbert De Coursey, Medical Corps, from August 1, 1940.
 Capt. John Frederick Bohlender, Medical Corps, from August 1, 1940.
 Capt. Charles Scott Mudgett, Medical Corps, from August 1, 1940.
 Capt. Ellis McFerrin Altfather, Medical Corps, from August 1, 1940.
 Capt. Aubrey LeVerne Bradford, Medical Corps, from August 1, 1940.
 Capt. Rollin LeRoy Bauchspies, Medical Corps, from August 1, 1940.
 Capt. Ernest David Liston, Medical Corps, from August 1, 1940.
 Capt. John Ruxton Wood, Medical Corps, from August 1, 1940.
 Capt. Jack William Schwartz, Medical Corps, from August 1, 1940.
 Capt. Clyde Lemuel Brothers, Medical Corps, from August 1, 1940.
 Capt. Roger Gaylord Prentiss, Jr., Medical Corps, from August 1, 1940.
 Capt. Claude Linwood Neale, Medical Corps, from August 1, 1940.
 Capt. George Horsfall, Medical Corps, from August 1, 1940.
 Capt. Harold Edward Schneider, Medical Corps, from August 1, 1940.
 Capt. Olin Foster McIlnay, Medical Corps, from August 1, 1940.
 Capt. Samuel Howard Alexander, Medical Corps, from August 8, 1940.
 Capt. John Larkin Gallagher, Medical Corps, from August 12, 1940.
 Capt. Warren Mimms Scott, Medical Corps, from August 13, 1940.
 Capt. James Harvey Turner, Medical Corps, from August 13, 1940.

To be captains

First Lt. Oswald Raymond Jensen, Medical Corps, from August 6, 1940.
 First Lt. John Robert Woodruff, Medical Corps, from August 16, 1940.
 First Lt. William Theodore Lane, Medical Corps, from August 26, 1940.

MEDICAL ADMINISTRATIVE CORPS

To be captain

First Lt. Homer Clarence McCullough, Medical Administrative Corps, from August 29, 1940.

To be first lieutenants

Second Lt. Frank Stepczyk, Medical Administrative Corps, from August 19, 1940.
 Second Lt. Jacob Bruce Martin, Medical Administrative Corps, from August 19, 1940.
 Second Lt. Harry John Nelson, Medical Administrative Corps, from August 19, 1940.
 Second Lt. James Thomas Johnson, Medical Administrative Corps, from August 19, 1940.

CHAPLAINS

To be chaplains with the rank of lieutenant colonel

Chaplain Ralph Conrad Deibert (major), United States Army, from August 16, 1940.

Chaplain Ralph Winfred Rogers (major), United States Army, from August 29, 1940.

To be chaplain with the rank of captain

Chaplain Alvie Littleton McKnight (first lieutenant), United States Army, from August 26, 1940.

PROMOTIONS IN THE NAVY

The following-named commanders to be captains in the Navy to rank from the date stated opposite their names:

Ingram C. Sowell, January 1, 1940.

George D. Hull, July 1, 1940.

Paul Hendren, July 1, 1940.

Chapman C. Todd, Jr., July 1, 1940.

The following-named lieutenant commanders to be commanders in the Navy to rank from the 1st day of July 1940:

Stanley J. Michael James A. Crocker

Clayton S. Isgrig Harley F. Cope

The following-named lieutenants to be lieutenant commanders in the Navy to rank from the date stated opposite their names:

John H. Griffin, September 1, 1939.

Carroll D. Reynolds, September 23, 1939.

Howell C. Fish, October 1, 1939.

Robert H. Gibbs, November 1, 1939.

Wallace S. Newton, November 1, 1939.

Lee F. Sugnet, December 8, 1939.

William H. Truesdell, December 8, 1939.

Walter S. Mayer, Jr., December 8, 1939.

George F. O'Keefe, December 8, 1939.

Herman E. Schieke, December 8, 1939.

Cecil L. Blackwell, December 8, 1939.

Aubrey B. Leggett, December 8, 1939.

John E. Florance, February 1, 1940.

Edwin R. Swinburne, April 1, 1940.

Martin J. Drury, April 1, 1940.

Gelzer L. Sims, April 13, 1940.

Norman W. Sears, June 1, 1940.

James V. Query, Jr., June 1, 1940.

Albert G. Mumma, June 26, 1940.

James M. Lane, June 26, 1940.

Francis D. McCorkle, July 1, 1940.

John J. Crane, July 1, 1940.

William G. Cooper, July 1, 1940.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the date stated opposite their names:

Charles J. Odend'hal, Jr., September 23, 1939.

Jacob C. Myers, November 1, 1939.

William L. Tagg, December 8, 1939.

Robert J. C. Maulsby, December 8, 1939.

Charles S. Hutchings, April 1, 1940.

Ed B. Billingsley, May 1, 1940.

Francis E. Nuessle, June 26, 1940.

George M. Ottinger, June 26, 1940.

Robert E. Coombs, Jr., June 26, 1940.

The following-named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the 1st day of July, 1940:

Allan A. Ovrom George E. Porter, Jr.

William C. F. Robards Harold G. Bowen, Jr.

James M. Clement Francis E. Brown

Richard O. Greene Baxter L. Russell

The following-named ensigns to be lieutenants (junior grade) in the Navy, to rank from the 3d day of June 1940:

William D. Brinckloe, Jr. Edward W. Hessel

Green C. Goodloe Henry F. Burfeind

Harry B. Hahn Edward H. O'Hare

Albert S. Freedman, Jr. Jack E. Gibson

Mac D. Thompson Franklin D. Buckley

Guy J. Anderson Frank H. Henderson, Jr.

Ralph H. Benson, Jr. Richard S. Rogers

Roy H. Burgess, Jr.

The following-named passed assistant dental surgeons to be dental surgeons in the Navy with the rank of lieutenant commander from the 26th day of June 1940:

James A. Connell Macy G. Martin

Ralph W. Taylor Maurice A. Bliss

Glenn W. Berry Merrette M. Maxwell

Arthur R. Logan

Paymaster John Enos Wood to be a pay inspector in the Navy with the rank of commander from the 1st day of July 1940.

The following to be assistant paymasters in the Navy with the rank of ensign from the 5th day of August 1940:

John K. Aldrich Grover C. Heffner

Thomas L. Britton Floyd Loomis, Jr.

Gordon M. Callison Robert C. McNab

Arthur E. Desrosier Howard J. Nickel

Robert C. Disher John L. O'Brien 3d

William N. Dunstan Ross A. Porter

Bruce F. Evans Earl G. Rice, Jr.

Robert W. Granston Ralph W. Sauer

Ivan C. Hartzell Olo V. Wallgren, Jr.

William F. Harvey, Jr. Charles M. Wilkins

Radio Electrician Kenneth Anthony to be a chief radio electrician in the Navy, to rank with but after ensign, from 1st day of March, 1940.

The following-named lieutenant commanders to be lieutenant commanders in the Navy from the date stated opposite their names, to correct the date of rank as previously nominated and confirmed:

Arthur H. Graubart; August 1, 1939.

Charles E. Tolman; August 1, 1939.

Howard T. Orville; September 1, 1939.

Carter A. Printup; September 23, 1939.

Hamilton L. Stone; December 29, 1939.

John G. Johns; April 1, 1940.

Thomas J. Hickey; May 1, 1940.

The following-named lieutenants to be lieutenants in the Navy from the date stated opposite their names to correct the date of rank as previously nominated and confirmed:

Harry Hull, July 1, 1939.

Jacob A. Lark, August 1, 1939.

Richard H. Best, August 1, 1939.

John Munholland, September 1, 1939.

Louis J. Kirn, September 1, 1939.

William B. Short, Jr., September 1, 1939.

Norman E. Blaisdell, September 23, 1939.

William T. Zink, Jr., September 23, 1939.

William P. Schroeder, September 23, 1939.

George E. Hughes, October 1, 1939.

Ernest M. Snowden, October 1, 1939.

Barry K. Atkins, November 1, 1939.

John R. Splers, November 1, 1939.

Ralph M. Wilson, November 1, 1939.

Wallace H. Weston, November 1, 1939.

Paul E. Emrick, November 1, 1939.

Robert O. Beer, November 1, 1939.

Daniel L. Carroll, Jr., November 1, 1939.

Earl R. Eastwold, November 1, 1939.

Frank M. Parker, November 1, 1939.

William Outerson, December 8, 1939.

Burdette E. Close, December 8, 1939.

Passed Assistant Paymaster Sidney A. Ernst to be a passed assistant paymaster in the Navy, with the rank of lieutenant, from the 1st day of July 1939, to correct the date of rank as previously nominated and confirmed.

Assistant Paymaster William N. McGibony to be an assistant paymaster in the Navy, with the rank of ensign, from the 29th day of May 1940, to correct the date of rank as previously nominated and confirmed.

Lieutenant Commander Allan D. Blackledge to be a commander in the Navy to rank from the 1st day of July, 1940.

The following-named lieutenants to be lieutenant commanders in the Navy to rank from the date stated opposite their names:

William E. Verge, November 1, 1939.

Robert N. McFarlane, February 1, 1940.

Henry C. Bruton, July 1, 1940.

John L. Burnside, Jr., July 1, 1940.

The following-named assistant paymasters to be passed assistant paymasters in the Navy with the rank of lieutenant, to rank from the date stated opposite their names:

Thomas J. Montgomery, June 26, 1940.

John C. DeWitt, Jr., July 1, 1940.

POSTMASTERS

ALABAMA

Lela Tate to be postmaster at Adamsville, Ala., in place of Agnes Bonds. Incumbent's commission expired March 13, 1940.

Henry N. Jordan to be postmaster at Chatom, Ala., in place of R. L. Gordy. Incumbent's commission expired August 15, 1939.

Sister Mary Teresa to be postmaster at Holy Trinity, Ala., in place of Sister Mary Teresa. Incumbent's commission expired May 19, 1940.

ARIZONA

Charles L. Kinsey to be postmaster at Chloride, Ariz., in place of J. R. Livingston, retired.

ARKANSAS

John L. Conley to be postmaster at Green Forest, Ark., in place of Logan Stafford. Incumbent's commission expired June 8, 1940.

CALIFORNIA

William R. Stewart to be postmaster at Arcadia, Calif., in place of T. A. Grant. Incumbent's commission expired June 18, 1940.

Cliff D. Myers to be postmaster at McKittrick, Calif., in place of V. B. Douglas. Incumbent's commission expired July 1, 1940.

Sydney W. Balding to be postmaster at Willowbrook, Calif., in place of S. W. Balding. Incumbent's commission expired June 2, 1940.

COLORADO

Lester William Dillow to be postmaster at Hugo, Colo., in place of W. M. Jones. Incumbent's commission expired April 25, 1940.

Ira O. Martin to be postmaster at Keenesburg, Colo., in place of I. O. Martin. Incumbent's commission expired February 7, 1940.

Anna C. Hanson to be postmaster at Strasburg, Colo., in place of M. E. Dermody, removed.

CONNECTICUT

Daniel J. McCarthy to be postmaster at Ansonia, Conn., in place of M. J. Cook, deceased.

Daniel P. Hurley to be postmaster at Terryville, Conn., in place of D. P. Hurley. Incumbent's commission expired April 28, 1940.

FLORIDA

Edward N. Mitchell to be postmaster at Altamonte Springs, Fla. Office became Presidential July 1, 1939.

Broder Alfred Millergren to be postmaster at Wewahatchka, Fla., in place of A. H. Richards, retired.

GEORGIA

Mattie Lee Deck to be postmaster at Chickamauga, Ga., in place of J. O. Goodson, removed.

Miriam H. Mallory to be postmaster at Concord, Ga., in place of I. B. Owen. Incumbent's commission expired January 20, 1940.

Herbert J. W. Kizer to be postmaster at Jefferson, Ga., in place of V. E. Holder. Incumbent's commission expired April 25, 1940.

Henry H. Jones to be postmaster at Lakeland, Ga., in place of K. E. Stapleton. Incumbent's commission expired March 18, 1940.

Clayton J. Tanner to be postmaster at Nicholls, Ga., in place of T. A. Pearson, resigned.

Harley Davis to be postmaster at Pearson, Ga., in place of M. E. Harrell. Incumbent's commission expired March 13, 1940.

TERRITORY OF HAWAII

John I. Silva to be postmaster at Eleele, T. H., in place of J. I. Silva. Incumbent's commission expired March 4, 1940.

ILLINOIS

Walter C. Vail to be postmaster at Bushnell, Ill., in place of J. R. Markley. Incumbent's commission expired January 16, 1939.

Montelle M. Boyd to be postmaster at Capron, Ill., in place of E. C. Knight. Incumbent's commission expired August 22, 1939.

Raymond Alan Wescott to be postmaster at Hamilton, Ill., in place of G. E. Ferree, Sr. Incumbent's commission expired June 1, 1940.

Levi Mosiman to be postmaster at Morton, Ill., in place of J. C. Moore, deceased.

Oscar L. Spangler to be postmaster at Ridge Farm, Ill., in place of L. H. Newby, deceased.

Elsie M. Snow to be postmaster at Sheldon, Ill., in place of E. M. Snow. Incumbent's commission expired January 23, 1940.

INDIANA

Paul G. Weber to be postmaster at Huntington, Ind., in place of J. C. Crosby. Incumbent's commission expired April 27, 1938.

Denzil B. Mann to be postmaster at Lynn, Ind., in place of C. A. Washler. Incumbent's commission expired June 8, 1940.

Wrighta S. Williams to be postmaster at Monon, Ind., in place of J. H. Smith, deceased.

Russell W. Rosenbush to be postmaster at Union City, Ind., in place of O. L. Hindsley. Incumbent's commission expired June 8, 1940.

KANSAS

Francis J. McAuliffe to be postmaster at Leavenworth, Kans., in place of J. E. Gardiner. Incumbent's commission expired June 18, 1938.

KENTUCKY

Mayme D. Cogar to be postmaster at Midway, Ky., in place of M. D. Cogar. Incumbent's commission expired March 21, 1940.

MAINE

Lula E. Crockett to be postmaster at North Haven, Maine, in place of L. E. Crockett. Incumbent's commission expired April 1, 1940.

MARYLAND

George A. Hohn to be postmaster at Port Deposit, Md., in place of R. L. Westerfield, deceased.

Alice M. Davis to be postmaster at Whiteford, Md., in place of H. J. Norris, retired.

MASSACHUSETTS

Dorothy Durant to be postmaster at Becket, Mass., in place of M. D. E. Tower, retired.

Thomas J. Brown to be postmaster at Hopkinton, Mass., in place of J. J. Murtaugh, deceased.

Maurice P. Murphy to be postmaster at Hull, Mass., in place of J. E. Worster, retired.

John D. Anthony to be postmaster at Orleans, Mass., in place of W. M. Higgins, Jr., removed.

Edward C. Moroney to be postmaster at Shrewsbury, Mass., in place of R. T. Mulvaney. Incumbent's commission expired June 19, 1940.

MICHIGAN

Evert Van Den Berg to be postmaster at Central Lake, Mich., in place of A. C. James. Incumbent's commission expired May 18, 1940.

Olaf Christensen to be postmaster at Grass Lake, Mich., in place of G. W. Allen. Incumbent's commission expired January 20, 1940.

Arvid J. Johnson to be postmaster at Mancelona, Mich., in place of E. S. Allen, deceased.

William F. Murphy to be postmaster at St. Joseph, Mich., in place of W. F. Murphy. Incumbent's commission expired March 10, 1940.

Walter F. Kelly to be postmaster at Turner, Mich., in place of J. D. Norris, removed.

MINNESOTA

Anna M. Manahan to be postmaster at Chatfield, Minn., in place of E. J. Sutherland, retired.

Robert B. Forrest to be postmaster at Lake Wilson, Minn., in place of R. B. Forrest. Incumbent's commission expired March 27, 1939.

MISSISSIPPI

Robert E. Rushing to be postmaster at Crosby, Miss., in place of G. H. Jones, resigned.

Robert Donald Sharp to be postmaster at Grenada, Miss., in place of J. B. Keeton, resigned.

Robert M. Yarbrough to be postmaster at Indianola, Miss., in place of D. E. Nabors, removed.

Florence W. Blaine to be postmaster at Vance, Miss. Office became Presidential July 1, 1938.

Leo A. White to be postmaster at Webb, Miss., in place of W. J. Stephens, retired.

MISSOURI

Cleo O. Smith to be postmaster at Carthage, Mo., in place of F. F. Ross, removed.

MONTANA

Frances B. Burchard to be postmaster at Bigfork, Mont., in place of N. K. Peterson. Incumbent's commission expired July 1, 1940.

NEBRASKA

Ralph P. Kilzer to be postmaster at South Sioux City, Nebr., in place of R. M. Hefner. Incumbent's commission expired August 27, 1939.

NEVADA

Edwin M. Byrne to be postmaster at Winnemucca, Nev., in place of D. F. Defenbaugh, removed.

NEW JERSEY

Lemuel E. Miller, Jr., to be postmaster at Cape May, N. J., in place of L. E. Miller, Jr. Incumbent's commission expired June 20, 1940.

NEW YORK

Andrew W. Keller to be postmaster at Bergen, N. Y., in place of W. J. Davy, retired.

Cora G. Dwyer to be postmaster at Geneseo, N. Y., in place of J. M. Dwyer, resigned.

William T. Conley to be postmaster at Marcellus, N. Y., in place of Robert McHale. Incumbent's commission expired June 25, 1940.

NORTH DAKOTA

Pauline Dougherty to be postmaster at Fordville, N. Dak., in place of F. L. Swehla. Incumbent's commission expired June 25, 1940.

James F. Ford to be postmaster at Reeder, N. Dak., in place of J. F. Ford. Incumbent's commission expired June 25, 1940.

OHIO

James B. Preston to be postmaster at Nelsonville, Ohio, in place of L. J. Eberle, deceased.

OKLAHOMA

Mary H. West to be postmaster at Ada, Okla., in place of M. H. West. Incumbent's commission expired June 13, 1940.

Faye L. Rigney to be postmaster at Depew, Okla., in place of J. R. Homsey. Incumbent's commission expired June 2, 1940.

Grace A. Phillips to be postmaster at Maud, Okla., in place of G. A. Phillips. Incumbent's commission expired June 2, 1940.

Harold Cartwright to be postmaster at Muskogee, Okla., in place of D. M. Wiley, resigned.

PENNSYLVANIA

William A. Euston to be postmaster at Annville, Pa., in place of W. M. Grumbine, removed.

Charles D. Hoffman to be postmaster at Fair Oaks, Pa. Office became Presidential July 1, 1938.

Viola B. Nellings to be postmaster at Gladwyne, Pa. Office became Presidential July 1, 1939.

Eugene M. Burke to be postmaster at Karns City, Pa., in place of E. M. Burke. Incumbent's commission expired June 3, 1940.

John E. Bednar to be postmaster at Nanticoke, Pa., in place of S. B. Janowski, resigned.

Goldie M. Bower to be postmaster at New Oxford, Pa., in place of C. A. Bower, deceased.

Philip C. Fermier to be postmaster at Trumbauersville, Pa., in place of C. H. Gretzinger. Incumbent's commission expired June 18, 1938.

Charles R. Aiken to be postmaster at Wampum, Pa., in place of M. G. Minner, deceased.

SOUTH DAKOTA

Doris L. Stewart to be postmaster at Cresbard, S. Dak., in place of D. L. Stewart. Incumbent's commission expired June 16, 1940.

Fred Shroyer to be postmaster at Gettysburg, S. Dak., in place of Fred Shroyer. Incumbent's commission expired May 1, 1940.

Orval Ogle to be postmaster at Pine Ridge, S. Dak., in place of Orval Ogle. Incumbent's commission expired June 16, 1940.

Victor M. Dalthorp to be postmaster at Volga, S. Dak., in place of V. M. Dalthorp. Incumbent's commission expired May 1, 1940.

TENNESSEE

Douglas B. Hill to be postmaster at Collierville, Tenn., in place of D. B. Hill. Incumbent's commission expired March 28, 1940.

Addison Barry to be postmaster at Lebanon, Tenn., in place of J. R. Hobbs. Incumbent's commission expired August 12, 1939.

Hazel A. Seay to be postmaster at Whitwell, Tenn., in place of H. E. Hudson. Incumbent's commission expired January 20, 1940.

TEXAS

Mary E. Horn to be postmaster at Streetman, Tex., in place of H. D. Burleson, resigned.

Simon J. Burttschell to be postmaster at Weimar, Tex., in place of B. B. Hefner, deceased.

UTAH

Gerald W. French to be postmaster at Greenriver, Utah, in place of J. M. French, retired.

VERMONT

Catherine F. Richards to be postmaster at Randolph, Vt., in place of O. M. Mayo, removed.

Gustavus F. Rabaioli to be postmaster at South Ryegate, Vt., in place of C. M. Beaton, deceased.

WASHINGTON

Rafael Pumala to be postmaster at Kalama, Wash., in place of F. D. Tatman, resigned.

WEST VIRGINIA

Daisy L. Lester to be postmaster at Elbert, W. Va. Office became Presidential July 1, 1938.

Don R. Nickell to be postmaster at Lewisburg, W. Va., in place of J. B. Hern, resigned.

Walker A. Pollard to be postmaster at Red Jacket, W. Va., in place of Lance Hatfield, removed.

Harry Kelley to be postmaster at Rivesville, W. Va., in place of R. A. Hood. Incumbent's commission expired June 2, 1940.

WISCONSIN

William E. Drossart to be postmaster at Casco, Wis., in place of W. E. Drossart. Incumbent's commission expired January 20, 1940.

Leslie E. Sawyer to be postmaster at College Camp, Wis., in place of L. E. Sawyer. Incumbent's commission expired June 1, 1940.

Hollis A. Parkin to be postmaster at Coloma, Wis., in place of W. A. Roblier, retired.

Leora M. Ginsbach to be postmaster at Elmwood, Wis., in place of J. A. Ginsbach, resigned.

John J. Brogan, Jr., to be postmaster at Green Bay, Wis., in place of J. J. Brogan, Jr. Incumbent's commission expired June 19, 1940.

Andrew J. Clark to be postmaster at Milltown, Wis., in place of A. J. Clark. Incumbent's commission expired August 14, 1939.

Arthur F. Boles to be postmaster at Nekoosa, Wis., in place of A. F. Boles. Incumbent's commission expired July 30, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 1, 1940

COMPTROLLER GENERAL OF THE UNITED STATES

LINDSAY C. WARREN to be Comptroller General of the United States.

UNITED STATES TARIFF COMMISSION

Fred H. Brown to be a member of the United States Tariff Commission.

WITHDRAWAL

Executive nomination withdrawn from the Senate August 1, 1940

POSTMASTER

MARYLAND

Claude B. Doing to be postmaster at Lansdowne, in the State of Maryland.

HOUSE OF REPRESENTATIVES

THURSDAY, AUGUST 1, 1940

The House met at 12 o'clock noon and was called to order by the Speaker.

The Reverend Bernard Braskamp, D. D., pastor of Gunton-Temple Memorial Presbyterian Church, Washington, D. C., offered the following prayer:

O Thou God of all goodness we thank Thee for the blessings with which Thou dost crown our lives.

We pray that in the thought and work of this day we may have an eye single to Thy glory. May we have a larger share in ministering to the welfare and happiness of mankind. Fill us with a sincere desire to bring about a more ethical and equitable distribution of the necessities of life.

Wilt Thou bless Thy servants in their endeavors to find a way out of the dark valley of tribulation and depression in which our world is groping? May all the nations of the earth be brought back to the spiritual moorings from which they have drifted. We know that Thou art standing with outstretched arms waiting to welcome their return.

God grant that the heart of humanity may be attuned to a willing obedience to the spirit of the Christ, in Whose name we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on three subjects.

The SPEAKER. Is there objection to the request of the gentleman from Washington [Mr. SMITH]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. KELLER. Mr. Speaker, I have been granted permission to speak to this body this afternoon. Unfortunately I have not been able to gather all the information I need for an address of that kind and I therefore ask unanimous consent that I may be given the same time next Monday instead of this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. KELLER]?

There was no objection.

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Mr. BURDICK. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes on next Monday after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore made.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota [Mr. BURDICK]?

There was no objection.

EXTENSION OF REMARKS

Mr. HARE asked and was given permission to extend his own remarks in the RECORD.

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a statement from the Commissioner of Education and the Administrator of N. Y. A.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. SNYDER]?

There was no objection.

Mr. THOMASON. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include a statement that Secretary Stimson made yesterday before the Committee on Military Affairs of the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. THOMASON]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes on Tuesday next after disposition of any business on the Speaker's desk and at the conclusion of any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

EXTENSION OF REMARKS

Mr. RICH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial written by Sedgwick Kistler, for the Lock Haven Express of July 30, 1940. I may say that Mr. Kistler is former Democratic chairman of the State of Pennsylvania, and this editorial is in reference to the third term.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

Mr. KUNKEL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Harrisburg Patriot.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. KUNKEL]?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a brief editorial.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

Mr. BURDICK asked and was given permission to extend his own remarks in the RECORD.

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in opposition to Resolution 576 that has been introduced in the House and to include therein a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. SHAFER]?

There was no objection.

Mr. JONES of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include therein an editorial from one of the local papers.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. JONES]?

There was no objection.

Mr. PLUMLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Boston Herald.

The SPEAKER. Is there objection to the request of the gentleman from Vermont [Mr. PLUMLEY]?

There was no objection.

LEAVE OF ABSENCE

Mr. VREELAND. Mr. Speaker, I ask unanimous consent that I may have leave of absence from August 5 to August 26, inclusive, to serve in the United States Army at the Army maneuvers to be held at Plattsburg, N. Y.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. VREELAND]?

There was no objection.

EXTENSION OF REMARKS

Mr. WADSWORTH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a brief but very interesting letter from Major General Rivers, retired.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. WADSWORTH]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. EATON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. EATON]?

There was no objection.

Mr. EATON. Mr. Speaker, recently two patriotic citizens, constituents of mine, tried to volunteer as soldiers in the United States Army. One was rejected because a portion of one of his toes was missing. The other was rejected because he was half an inch too short. If these rigid requirements are to continue when and if the proposed draft legislation is enacted into law, there will certainly be a notable increase of caudal malformations, both artificial and congenital. I hope the good news that a deformed toe is complete insurance against military service will not get out until something is done to meet the situation. [Applause.]

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to include in the remarks I hope to make on the bill under consideration today a copy of the text of the Habana declaration on inter-American economics.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ROMJUE asked and was given permission to extend his own remarks in the RECORD.

Mr. KEFAUVER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short article by Mr. Jesse S. Cottrell.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

AFTER MOBILIZATION—WHAT?

Mr. KUNKEL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KUNKEL. Mr. Speaker, in the Appendix of the RECORD, on page 14818 I have an extension of remarks entitled "After Mobilization—What?" This outlines a plan which has been worked out by Col. Albert H. Stackpole, of the Pennsylvania National Guard, in conjunction with some other members of the guard. I believe this plan should receive the careful study of all the Members of the House while we are about to consider the military conscription bill. I merely wish to call it to your attention and urge you to read it carefully.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein

a short newspaper article, and also a letter from a resident of my district.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from Colonel Rutherford of the Planning Branch of the United States Army.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McDOWELL. Mr. Speaker, supplementing the remarks of the distinguished gentleman from New Jersey [Mr. EATON], I may say that the Army refused me because I am too old. I am 37.

EXTENSION OF REMARKS

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and include therein two articles, one on national defense and the Republican Members of the House of the Seventy-sixth Congress, and the other, an article from the Inglewood Daily News by Assemblyman Jack B. Tenney, of California.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BOLLES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SHANLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the reception to Secretary Hull this morning, and also to include an article by Monsignor Ready.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from the President of our State University.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having printed the proceedings of the American Forum of the Air participated in by the gentlemen from Illinois, Mr. EVERETT M. DIRKSEN and Mr. T. V. SMITH, the gentleman from Michigan, Mr. FRED L. CRAWFORD, and the gentleman from Alabama, Mr. SAM HOBBS.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

COMMODITY CREDIT CORPORATION

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 3998) to increase the credit resources of the Commodity Credit Corporation.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 3998, with Mr. BARDEN of North Carolina in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement entered into yesterday, the gentleman from Alabama [Mr. STEAGALL] is entitled to recognition for 1 hour and the gentleman from Michigan [Mr. WOLCOTT] is entitled to recognition for 1 hour.

The Chair now recognizes the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman, this bill provides additional lending power in the amount of \$500,000,000 for the Commodity Credit Corporation. The Commodity Credit Corporation was established as an independent branch of the Government for the purpose of protecting the farmers of the Nation in the marketing of their crops. Later, the Corporation became a part of the Department of Agriculture of the United States.

Under an act passed in 1938, the capital of the Corporation was fixed at \$100,000,000, and under the provisions of that act the Treasury of the United States is required to have an audit and appraisal annually to ascertain the status of the capital structure of the Corporation. In the event the capital structure of the Corporation should become impaired, the Treasury is required to restore the capital to \$100,000,000. In case the assets of the Corporation disclose a surplus above the capital structure of \$100,000,000, the excess is to be paid into the Treasury of the United States by the Commodity Credit Corporation. An accounting was had under the provisions of the act of 1938, on March 31 of this year, and it was ascertained that the Corporation was due the Treasury an amount of \$43,756,731.01. It is estimated that there will be needed for the operations of the Corporation in connection with the 1940 crop, an additional amount of \$500,000,000.

Of course, there is no way to ascertain in exact dollars and cents what these requirements will be, but it is certain that with the crop prospects now indicated and world conditions and world markets upset and disturbed as they are, and which will necessarily continue to be during the coming months, there will be an unusual and urgent need for loans by the Corporation if we are to protect the farmers of the Nation against the sacrifice of their crops and the destruction of their purchasing power.

The estimate of requirements for loans during 1940 are as follows: On cotton, 3,300,000 bales, \$150,000,000; corn, 260,000,000 bushels, \$150,000,000; wheat, 140,000,000 bushels, \$90,000,000; tobacco, \$40,000,000; and other crops, \$60,000,000, making a total of \$490,000,000.

I have a letter from the President addressed to the Speaker. The letter is as follows:

THE WHITE HOUSE,
Washington, July 1, 1940.

The SPEAKER, THE HOUSE OF REPRESENTATIVES,
Washington, D. C.

MY DEAR MR. SPEAKER: I have the honor to transmit herewith for the information of the Congress a letter dated June 27, 1940, from the Secretary of the Treasury, transmitting, pursuant to the provisions of the act approved March 8, 1938 (52 Stat. 107), an act to maintain unimpaired the capital of the Commodity Credit Corporation at \$100,000,000, and for other purposes, an appraisal of all the assets and liabilities of the said Corporation as of March 31, 1940.

On the basis of such appraisal the Commodity Credit Corporation has been directed to deposit in the Treasury the sum of \$43,756,731.01. During the fiscal year 1938 it was necessary for the Congress to appropriate \$94,285,404.73 to maintain unimpaired the capital of the Commodity Credit Corporation, and it was necessary for the Congress to appropriate for the fiscal year 1939 a further amount of \$119,599,918.05 to maintain unimpaired the capital of the Corporation. There has been appropriated \$213,885,322.78 for this purpose, and after giving effect to the recovery of \$43,756,731.01 during the current fiscal year, the net expenditures for the last 3 years amount to \$170,128,591.77.

The policy adopted by the Congress and incorporated in the act approved March 8, 1938, providing for an annual appraisal of the assets of the Commodity Credit Corporation, makes it possible to include currently in each annual Budget the expenditures necessary to support the program which that Corporation is engaged upon or the receipts which the Government receives from that activity.

Respectfully,

FRANKLIN D. ROOSEVELT.

I have a letter from the president of the American Farm Bureau Federation that I should like also to include in my remarks. The letter is as follows:

AMERICAN FARM BUREAU FEDERATION,
Washington, D. C., June 6, 1940.

HON. HENRY B. STEAGALL,
Chairman, House Committee on Banking and Currency,
House Office Building, Washington, D. C.

MY DEAR CHAIRMAN STEAGALL: I want to endorse and urge the passage of H. R. 9931, a bill to increase the credit resources of the Commodity Credit Corporation, by increasing the borrowing power of that Corporation from \$900,000,000 to \$1,400,000,000.

Since the Commodity Credit Corporation was established in 1933, it has been a major factor in protecting and aiding virtually all branches of American agriculture. Its loans on cotton, corn, wheat, rye, tobacco, peanuts, prunes, raisins, hops, pecans, figs, dates, butter, naval stores, wool, and mohair have prevented chaotic market conditions for these commodities and have been of untold benefit to farmers throughout the United States. These loans are fundamental to the agricultural production, marketing, and ever-normal granary programs.

I know that you have observed the drastic price declines that have resulted from the recent war developments. No one can foresee what further changes may occur between now and harvesttime. From present indications, however, it appears that agriculture needs the services of the Commodity Credit Corporation more than ever in the past. Changes in the war situation now occur with much greater speed than they did in 1914, and certainly American agriculture should not be abandoned to such ineffective efforts as the "buy a bale" movement which had to be adopted for cotton when the war broke out in the fall of 1914. It would be a historic injustice if agriculture were left without effective protection during the marketing period this fall and prices should subsequently rise as they did during the first World War.

The American Farm Bureau Federation therefore urges the immediate passage of H. R. 9931 to enable the Commodity Credit Corporation to function effectively during this emergency.

At the meeting of the board of directors of the federation held in Chicago on June 3 and 4 the effect of the war upon American agriculture was given very thorough consideration and a number of recommendations to meet this situation were adopted. I enclose a copy of the recommendations of our board with respect to the surplus problems growing out of the present emergency.

Sincerely yours,

EDW. A. O'NEAL, President.

EMERGENCY RESERVES

Hundreds of thousands of homeless and starving people are now cut off from their normal supplies of food and clothing; American farmers, who have hitherto supplied these people are now faced with disastrously low prices for the farm commodities that are dependent upon these markets; they are also faced, if the experience of the past is repeated, with enlarged demands in the post-war period and the prospect of inflated prices leading to disruptive expansion of farm plant; and as a nation we should now avoid wastage or loss in all essential food supplies and positive steps should be taken to store our surpluses against the time when they may be urgently needed either for our own use or for a hungry world.

Immediate steps should therefore be taken by the Federal Government to (1) make available to the Red Cross or other agencies funds for the purchase of such food and fiber supplies as can now be used to relieve distress in war areas; and (2) within the framework of the present agricultural program to take steps to acquire in volume such stocks of meat and dairy products and tree and field crops both in raw and processed form as will prevent demoralization of domestic markets and constitute a full reserve against any world need which we may be called upon to meet.

For the carrying out of the above policy, we now urge appropriation of \$100,000,000 to be used by the American Red Cross for present distribution of food and fiber to victims of war and that complete provision be made as necessary for acquisition of raw or processed farm crops for storage against future needs.

EFFECT OF THE WAR ON AGRICULTURE

The present war, and also large expenditures on our own defenses, and peace settlements the nature of which cannot be foreseen, will all have a profound effect on our agriculture. It may be that some domestic outlets will improve temporarily, but we must expect that both our domestic and foreign markets will suffer violent disturbance. Perhaps some of our present foreign markets will be lost forever. We insist upon the following measures to meet this situation:

1. The use of loan and storage operations and marketing agreements to cushion the shock of these disturbances as they affect producers of distressed commodities.
2. The continuation, perfecting, and as may be necessary, the great expansion of present machinery for moving surpluses into domestic and foreign consumption.
3. Use of all reasonable safeguards against speculation in agricultural land with its attendant, disastrous effects on farm debt and family ownership and tenure.
4. Discourage bringing of new lands into production or breaking up of range lands where nothing can result save the eventual

distress of the individuals concerned and the wastage of the lands involved.

5. Preparation for the sudden withdrawal of war demand or armament expenditures with measures which will cushion the shock of depression and restore the flow of peacetime purchasing power of all kinds.

I wish also to incorporate a letter from the Secretary of Agriculture, which is as follows:

DEPARTMENT OF AGRICULTURE,
Washington, May 18, 1940.

Hon. WILLIAM B. BANKHEAD,

Speaker of the House of Representatives.

DEAR MR. SPEAKER: This is a recommendation that consideration be given to an urgent need for legislation to increase the credit resources of the Commodity Credit Corporation of the Department of Agriculture.

It is necessary that the borrowing power of the Commodity Credit Corporation—under the provisions of section 4 of the act approved March 8, 1938 (52 Stat. 107), as amended by the act of March 4, 1939 (53 Stat. 510)—be increased somewhat in order to make it possible for the Corporation to perform the various essential functions authorized and directed by the Congress: To carry out the mandatory loan provisions of the Agricultural Adjustment Act of 1938 with respect to corn, cotton, and wheat; to continue to provide reasonably adequate and commensurate services with respect to other crops; to meet emergencies arising as a consequence of abnormally large crops, such as occurred in cotton in 1937, or as a consequence of war, such as occurred in the case of tobacco during the past season; to make, whenever authorized and directed by the Congress, such temporary advances to other agencies of the Department of Agriculture as may be required for short-time seasonal needs; and to make payments into the Treasury of the United States (a payment of \$75,000,000 is now estimated for this spring), representing any surplus of the Corporation's net worth over its stated capital, as directed by the Congress in section 2 of the act.

In order that the Corporation will have the minimum credit resources to perform these essential and desirable requirements, it is recommended that the aggregate amount of obligations which the Corporation may issue and have outstanding at any one time, under the provisions of section 4 of the act, be increased to not less than \$1,400,000,000.

As required by Budget Circular 344, this matter was referred to the Bureau of the Budget, and under date of May 13 the Director thereof advised this Department that there would be no objection to the submission of this proposed legislation to the Congress.

Sincerely,

H. A. WALLACE, *Secretary.*

In addition, I have a letter from the Secretary of the Treasury to which is attached a statement of the figures and all desirable information in connection with the audit and appraisal of the accounts of the Corporation had on the 31st of March 1940. I am sure this information will be valuable to Members of the House and I ask that it be incorporated in the Appendix to the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STEAGALL. Mr. Chairman, the Commodity Credit Corporation must have an increase in its credit resources if it is to be enabled to serve American agriculture this fall. I want to call attention to a few pertinent facts which show the value of loan programs and the efficiency with which they are handled for the benefit of American agriculture. The Commodity Credit Corporation makes loans to farmers and farm organizations for the purpose of protecting farm incomes and avoiding the disastrous effects of undue and unnecessary declines in market prices. By reason of these loans it is no longer necessary for farmers to sacrifice their crops on temporarily depressed markets. In place of dumping their products into the hands of unwilling buyers and bringing about chaotic conditions which have characterized our markets for agricultural products in the past, producers are now able to secure adequate loans on their products and sell them in an orderly manner. These loans are made without recourse upon the producer-borrower except in case of fraud, and therefore effectively serve their purpose as a major form of price protection to American farmers. Naturally such loans could not be made by private banking institutions. Private institutions have been enabled to participate in the larger loan programs of the Commodity Credit Corporation, however, by means of offers made by the Corporation to buy paper obtained by private agencies in connection with these loan programs. As a result, the services of the commercial bank-

ing institutions in the country have been utilized and the purely administrative expenses of the Commodity Credit Corporation have been very small.

During the 7 years that it has been in operation, the Commodity Credit Corporation has made over 10,000,000 separate loans to farmers, totaling in excess of \$1,500,000,000. These loans have been made on 17 different commodities, namely, cotton, corn, wheat, rye, barley, tobacco, peanuts, prunes, raisins, hops, pecans, figs, dates, butter, naval stores, wool, and mohair. These loans are made available only when market conditions are unsatisfactory.

In the past 2 years the appraisals made by the Treasury have shown a paper loss totaling \$213,000,000. This year it is expected that the audit now being made will show a paper profit of between thirty-five and one hundred million dollars. On the liquidations of approximately \$650,000,000 worth of loans to date, actual losses have amounted to less than \$25,000,000, or about 4 percent. Certainly this is a small cost for the protection these loan programs have given to American agriculture.

One of the most important aspects of any governmental program is the administrative costs. The administrative expenses of the Commodity Credit Corporation have amounted to only two-fifths of 1 percent of the loans handled.

We have all seen the development of unsatisfactory conditions in the markets for our various agricultural products from time to time over the past 7 years, and have seen those conditions met promptly and effectively by these loan programs. In the spring of 1938, wool fell to a level far below the world price plus tariff. No one knows how much lower it would have gone in the absence of a commodity-loan program. The loan program stopped the decline immediately and later on in the year growers redeemed their wool and sold it at a profit.

The withdrawal of British buyers on the outbreak of war last fall necessitated the closing of the flue-cured tobacco markets in mid-season. Prompt action by the Commodity Credit Corporation permitted these markets to reopen and farmers were able to market their crop.

In 1937 this country produced the largest cotton crop in its history, approximately 19,000,000 bales. If the Commodity Credit Corporation's loan program had not been available, cotton prices would probably have fallen to the levels of 1932 and several years' work in building up the purchasing power of the South would have been largely destroyed. Although the Commodity Credit Corporation still owns, or has loans on, approximately 9,000,000 bales of cotton, these stocks have been reduced by 2,000,000 bales in the current year.

No one can tell with certainty how large this year's production will be. We do know, however, that almost every year some crops are overproduced and others are underproduced. Weather hazards must always be reckoned with in agricultural production.

In recent weeks the "blitzkrieg" in Europe has eliminated a large part of the farmer's export market. No one can foretell how much of it will remain by the time the American farmer brings his crops to market this fall. The present export situation is far worse than it was in 1932. Unless the Commodity Credit Corporation is permitted to continue its loan programs, American farmers will face ruin during the coming year. Commodity-loan programs will be needed this fall as they have never been needed before. The only serious question in connection with this bill is whether an increase of \$500,000,000 in the credit resources of the Commodity Credit Corporation will be sufficient.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I know how difficult it is to present this bill in its true light so that there can be anything approaching an understanding of the issues involved, because unfortunately, we have a lion by the tail and think we cannot let go.

There is nothing of a defense nature in this bill. There is nothing in this bill which involves South American cartels or the export or import of crops, except as the domestic market

is further demoralized by the continuance of the practice which the Commodity Credit Corporation has engaged in since its inception.

This Corporation was set up by Executive order under authority contained in the National Industrial Relations Act. It first had a capital of \$3,000,000, all paid in by the Treasury. Sometime later the amount of capital and the amount of loans became so grossly out of balance that we raised the capital \$97,000,000 to make a total of \$100,000,000. The Reconstruction Finance Corporation subscribed for this additional \$97,000,000, and up until the reorganization bill was passed, by which this Corporation was transferred to the Department of Agriculture, the Commodity Credit Corporation has been administered by the Reconstruction Finance Corporation. When we had made approximately \$284,000,000 of cotton loans against the original \$3,000,000 of capitalization we increased the capital by \$97,000,000 to make a total of \$100,000,000. All we did was to effect a paper transaction whereby we transferred from loan to the purchase of capital the \$97,000,000. At the present time therefore the Commodity Credit Corporation has a capital of \$100,000,000.

We have authorized loans on agricultural commodities against that hundred million dollars, in the aggregate, to the amount of \$900,000,000. This bill increases the amount the Commodity Credit Corporation may loan against that capital to \$1,400,000,000, or an increase in the loan authorizations of \$500,000,000.

We have heard a great deal of criticism on the Democratic side of the House of the manner in which the old Farm Board functioned. I have listened to speech after speech made on this floor and have read numerous articles condemning the Farm Board as impractical, because it cost the Government so much money. There was a limitation on the amount of money which the old Farm Board could lose of \$500,000,000. They did not lose anywhere near that, but the manner in which the assistance was to be given by the Farm Board was a thing which was most roundly condemned. The Commodity Credit Corporation is doing exactly the same job in connection with the removal of surpluses from the market that the old Farm Board tried to do, and would have been successful in doing, if there had not been a change of administration, with this exception that, instead of losing a possible \$500,000,000, we may lose much more than that through the operations of the Commodity Credit Corporation. In this bill we are asking for an authorization to loan another \$500,000,000, which will result in an increase in their losses. It cannot be otherwise.

I shall confine most of my remarks to the question of cotton. We cannot attack the fundamental reason why we are not moving the cotton crop in this bill. You have already loaned hundreds of millions of dollars and already taken hundreds of millions of dollars of losses on cotton, and you are going to continue to do it until we find the fundamental reason for the failure of our Department of Agriculture to find ways and means of moving our cotton crop. At the present time the Commodity Credit Corporation owns—actually owns—6,500,000 bales of cotton. In addition to this, they have under loans another 2,500,000 bales of cotton, which in the course of time will become the property of the Government, because the farmer is given the loan above the market prices and loses all interest in the cotton when he gets his money. When the loan matures he must repay or it is liquidated by foreclosure and the Government takes title to the cotton.

So at the present time the Government has in warehouses 9,900,000 bales of cotton. The average yearly cotton production in this country is approximately 12,000,000 bales. This program as outlined for us authorizes the Commodity Credit Corporation to loan on another 3,300,000 bales of cotton. The 1940 program provides that they may loan on 3,300,000 bales of cotton because that is the estimated surplus, so at the end of the 1940 program, if this bill is passed, the Government will own 12,300,000 bales of cotton, or more than 1 year's production of cotton. Two years ago we exported only

3,000,000 bales of cotton. We usually exported 8,000,000 bales of cotton. We produce ordinarily about half the cotton which is consumed in the world. Roundly about 24,000,000 bales of cotton are consumed in the world. We produce half of that and we used to export more than half of the amount we produce. The same year that we exported these 3,000,000 bales of cotton, instead of our usual 8,000,000 bales, the world consumption of cotton increased 3,000,000 bales to approximately 27,000,000 bales of cotton. Because of the activity of the Triple A and the Commodity Credit Corporation, we have largely destroyed our export market for cotton. The only solution of that problem which is offered to us is another \$500,000,000 to take the surplus cotton off the market and put it into warehouses.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I shall take an additional five minutes.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. In a moment. Because of this there has grown up in the South a new industry, that of warehousing Government-owned cotton. It was called to our attention when the so-called barter bill was presented, and the gentleman from Michigan [Mr. CRAWFORD] made a detailed study of that matter and opposed that bill on the floor; and I am given to understand from a reliable source that the gentleman from Michigan [Mr. CRAWFORD] is directly responsible for reducing the warehouse charges on this cotton from 25 cents a bale per month to 10 or 12 cents a bale per month, saving the Government of the United States and taxpayers literally millions of dollars. [Applause]

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman referred to the activities of the A. A. A. in connection with the loss of our cotton market. I might say, in addition to that, the activities of the New Deal and the A. A. A. not only lost us our foreign market for cotton, but it also encouraged additional foreign production of cotton, so that our foreign cotton market is permanently lost.

In 1933 and prior to 1933 our average exports of cotton were 8,000,000 bales, but after the New Deal went into operation under the farm program of curtailed production, our exports dropped gradually until they amounted to three and one-half million bales last year. I want to ask the gentleman a question referring to this six and one-half million bales of cotton that the Government now holds. How much did the Government pay for that cotton?

Mr. WOLCOTT. Most of this cotton was pegged at 12 cents a pound. Interest charges and warehouse charges against this cotton which is now in the warehouses, in addition to the loan, presents a situation where the Government would have to sell this cotton at 16½ cents, or something like 7 cents above the market price to even get its money out of it.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 1 additional minute.

Mr. COLE of New York. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. COLE of New York. Can the gentleman advise us what proportion of the \$900,000,000 of the capital of the corporation has been used to buy cotton?

Mr. WOLCOTT. I can tell you the amount outstanding at the present time, I believe. The dollar value of this 6,650,000 bales of cotton is approximately \$380,000,000. That is, it is carried on the books of the Commodity Credit Corporation at that figure.

Mr. COLE of New York. And the next largest crop is what?

Mr. WOLCOTT. We have 90,000,000 bushels of corn at a value of \$55,000,000; 176,000,000 pounds of tobacco valued

at \$36,500,000. The estimated loss on this cotton at the present time is \$148,625,000.

Mr. COLE of New York. But the fact is that nearly half of the authorized capital of this Corporation has been used to buy up the surplus cotton crop?

Mr. WOLCOTT. That is right, and the authorization in this bill will be necessary in order to carry this cotton, because these interest and storage charges are pyramiding every year against it. As I say, we have a lion by the tail, and it seems we cannot let go at this particular time.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman.

Mr. RICH. The gentleman spoke a moment ago about curtailed production. Can the gentleman tell us how much we curtailed our production when we plowed under the cotton—

Mr. WOLCOTT. I think the gentleman must have misunderstood me. I did not say anything about curtailed production.

Mr. RICH. But the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] spoke about it. How much did we pay the farmers for not raising cotton?

Mr. WOLCOTT. I do not know. I know that we have paid the farmers already \$380,000,000 on their cotton crops, and at present we have taken a paper loss of \$148,625,000, and we stand to take a loss of almost half of the amount which has been loaned on cotton.

Mr. RICH. And, notwithstanding that loss, we have curtailed the production of cotton and the Department of Agriculture is now paying the farmers for not raising cotton?

Mr. WOLCOTT. The gentleman is correct.

Mr. RICH. So we are going to take a loss there?

Mr. WOLCOTT. The gentleman is correct.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield 17 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, this is a very simple bill. The Commodity Credit Corporation was organized in 1933 with a capital stock of \$100,000,000. If there is less than \$100,000,000 Congress must, under the law, appropriate enough to make it \$100,000,000. If there is more than \$100,000,000, then the surplus is carried to the Treasury Department. This year we will place into the Treasury a surplus of nearly \$50,000,000. That is the testimony of witnesses. That is the testimony of the officials of the Commodity Credit Corporation. I do not understand where my good friend, Mr. Wolcott, got his figures. I think the figures that you can rely upon are the figures from the people who handle this department. I brought it out on examination myself. It is in the record. I asked them, "In your 7 years' operation how much money have you loaned?" The reply was "\$1,500,000,000." "Give amount you have liquidated." The reply was, "We have liquidated \$650,000,000." "What are your losses on all farm commodities?" The answer is in the record. "Less than \$25,000,000."

I know of no agency of this Government that has helped the distressed farmers as much as this agency. The testimony shows this. It cannot be refuted. This is the testimony of the men who operate the Commodity Credit Corporation.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. ZIMMERMAN. I will ask the gentleman if the record shows any foundation for the statement of the gentleman from Michigan [Mr. Wolcott], who stated a moment ago that the losses were \$500,000,000?

Mr. BROWN of Georgia. Absolutely none.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I do.

Mr. STEAGALL. The testimony will be found on page 9 of the hearings, where it is specifically stated by Mr. Robbins that less than \$25,000,000 covered the total losses on transactions that have been closed.

Mr. BROWN of Georgia. That is the answer to the question. The pending bill empowers this agency to borrow \$500,-

000,000 additional. It cannot now borrow over \$900,000,000. We all know it is important on account of our loss in export trade in cotton and other agricultural commodities that we make some preparation to offset this loss. Under present world conditions it seems that our exports will be further curtailed.

Some way must be provided to peg the prices of these commodities, and therefore it is very necessary to increase the borrowing power of the Commodity Credit Corporation from \$900,000,000 to \$1,400,000,000. If further loans are not made on our basic commodities, no harm will be done by passing this bill, and, in the words of Hon. Jesse Jones, we will be ready with a shotgun in the corner.

It may be soon, or when this war is over, we will have to depend on home markets and those to the north and south of us. Therefore I repeat it is imperative that we loan to producers enough money so they will be in position to hold their products if the prices are materially reduced.

In a discussion on the reciprocal trade agreements legislation I stated, and I am more convinced now than ever, that we must have an efficient tool for dealing scientifically and realistically with international commercial problems in a war-torn world and rebuilding when peace comes a world economy that will permit men and groups and nations to exchange their products to their mutual advantage.

Commodity Credit Corporation has an authorized and paid-in capital of \$100,000,000. The Congress has also provided the Corporation with a borrowing power of \$900,000,000 on the credit of the United States Government. This would be increased to \$1,400,000,000 under the provisions of H. R. 9931.

The Congress has also provided for readjusting the net worth of Commodity Credit Corporation to the amount of its \$100,000,000 capital once each year. This was done by requiring that the Corporation's assets and liabilities be appraised as of each March 31, on the basis of the market prices prevailing on that day, and providing (a) that any deficiency of its net worth under \$100,000,000 be restored by congressional appropriation, and (b) that any excess in its net worth over \$100,000,000 shall be paid into the general fund of the United States Treasury. The total amount appropriated heretofore for this purpose has been \$213,000,000. The actual losses realized by the Corporation to date, however, are less than \$25,000,000. This is a small loss in view of the number of distressed and helpless farmers the Corporation has undertaken to benefit and has benefited. It is estimated that the net worth of the Corporation as of March 31, 1940, which is now being determined by the Secretary of the Treasury, will exceed its \$100,000,000 capital and require a payment of "surplus" into the United States Treasury this spring of something between \$35,000,000 and \$100,000,000.

Since the hearings I have been informed that this agency will pay at least \$50,000,000 into the Treasury of the United States.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. PACE. The gentleman from Michigan, in his remarks a few minutes ago, stated that there never had been any cotton loans paid, that the farmers never paid them. On page 10 of the testimony, the statement of Mr. Robbins, the head of the Corporation, is that the cotton loans liquidated total \$376,000,000. Does that not show that considerable cotton loans have been repaid?

Mr. BROWN of Georgia. It certainly does.

The Commodity Credit Corporation was formed pursuant to the provisions of the National Industrial Recovery Act. It was incorporated in October 1933 under the laws of the State of Delaware. All its capital stock is owned by the United States Government. The exclusive voting rights of the stock were vested in the Secretary of Agriculture last August by an Executive order of the President. Prior to that time the Commodity Credit Corporation was an independent agency of the Federal Government. It was managed and operated, however, in close affiliation with the Reconstruction Finance Corporation, and its loans were made, as required by law,

upon the recommendation of the Secretary of Agriculture. The Corporation has now become, under the President's reorganization order effective July 1, 1939, an integrated part of the Department of Agriculture and, except for certain legal technicalities attributable to the corporate form of organization, operates as a regularly established bureau of the Department under the control and supervision of the Secretary of Agriculture.

The Commodity Credit Corporation has made loans on cotton, corn, wheat, rye, tobacco, turpentine, rosin, wool, mohair, figs, dates, prunes, raisins, pecans, and butter. All loans made by the Commodity Credit Corporation are secured by commodities pledged as collateral under either warehouse receipts or chattel mortgages; and in all instances the rate of interest charged the borrowing producer is 3 percent per annum.

The Congress made loans mandatory, under certain conditions, on three commodities, namely, cotton, corn, and wheat. On cotton and wheat the minimum rate of the loan is 52 percent of parity price and the maximum rate of the loan is 75 percent of parity, but within these limits the rate of loan is discretionary. In the case of corn, the rate of loan is fixed by a statutory formula, but within the same percentage of parity limits. Loans are also prohibited by law on any of these three commodities with respect to which a vote is taken on marketing quotas and fails to be approved by a required two-thirds majority, under the provisions of the Agricultural Adjustment Act of 1938.

Loans to associations of producers are made directly by Commodity Credit Corporation. Practically all of the loans to individual producers, however—which represent the vast majority of the total loans—are made indirectly through private lending agencies. In nearly all instances the private lending agency is the producer's local bank, which extends a loan on conditions specified by the Commodity Credit Corporation and on loan forms provided by the Corporation. The local bank receives a guaranty from the Corporation to purchase the note upon demand at its face value plus accrued interest at the rate of 2 percent for all commodities except grain. In the case of grain, the guaranteed minimum rate to be earned by the local lending agency is somewhat less, namely, 1½ percent, in view of the fact that an especially large amount of work in connection with the making of grain loans is performed by county agricultural conservation committees rather than by the local lending agencies. The difference between the rate of 3 percent charged all producers on all Commodity Credit Corporation loans and the lesser rate of interest obtained by the local lending agency represents the margin to compensate Commodity Credit Corporation for its operating expenses and risk of loss.

The loans by Commodity Credit Corporation have meant the difference to producers of between 25-cent and 57-cent corn, 35-cent and 60-cent wheat, 15-cent and 25-cent butter, 5-cent and 10-cent cotton, and so forth. The commodity-loan programs administered by the Corporation are an important part of the general farm program, and in the financial sense such loan programs constitute the ever-normal granary. The purpose of the loans is to raise and stabilize farm prices, and, when properly coordinated or correlated with adequate programs under the Agricultural Adjustment Act for production or market adjustment, these objectives can readily be achieved without undue burden on the Treasury of the United States.

Mr. Carl B. Robbins, President of the Commodity Credit Corporation, testified before the House Banking and Currency Committee that the loans made under the Corporation's commodity-loan programs have aggregated more than \$1,500,000,000, of which more than \$650,000,000 have been liquidated, with a total actual loss to the Government of less than \$25,000,000. While Mr. Robbins declined to make anything in the nature of an official estimate before the committee, he did advise, in response to questions propounded, that a rough preliminary estimate indicated the amount the Corporation would be required to pay into the Treasury this year by reason of its net worth exceeding \$100,000,000, based

upon an appraisal to be made by the Secretary of the Treasury as of March 31, 1940, in accordance with the act of March 8, 1938—Public Law No. 442, Seventy-fifth Congress—would be between \$35,000,000 and \$100,000,000.

Not only has Commodity Credit Corporation demonstrated that farm prices can be raised and stabilized by commodity-loan programs, but present indications are that Commodity Credit Corporation will be called upon to meet many demands for financing agricultural production in connection with adjustments made necessary by the European war. One such situation developed last fall in the case of flue-cured tobacco. A large percentage of the American production of this type of tobacco is sold to England, which normally carries about a 2-year stock on hand in the course of the curing process. Almost immediately with the outbreak of hostilities in Europe, Great Britain found itself in a position in which it felt that it had to discontinue using its exchange for purchasing additional supplies of tobacco in order to be able to purchase other American products, and the English companies withdrew from the American tobacco markets. Our farmers faced such ruinously low prices that it was necessary to close the flue-cured tobacco markets. Fortunately, Commodity Credit Corporation was able to develop promptly a program for financing the acquisition and carrying of these tobacco inventories over the emergency period. This made possible the reopening of the markets and enabled farmers to sell their crop of flue-cured tobacco at prices substantially the same as those that had prevailed before the emergency. We may have a similar experience in cotton and other commodities.

I call this situation to the attention of the House because I and some of my colleagues on the Banking and Currency Committee felt that the increase in borrowing power requested by the Commodity Credit Corporation might not prove to be sufficient because of recent developments in the European war. Mr. Robbins testified before the committee that the increase in borrowing power of \$500,000,000 was predicated upon conservative estimates of the Corporation's needs for financing 1940 production submitted to the Bureau of the Budget prior to the spread of war to the Low Countries and the Mediterranean. No change was made by the committee, but there was a full appreciation of the fact that it might be necessary for the Commodity Credit Corporation to request a further increase in its borrowing power at the next session of the Congress if the war should continue to spread and further disrupt our export outlets for the crops now growing.

I strongly urge the necessity of H. R. 9931, as recommended by the Banking and Currency Committee.

It is imperative that this bill pass, and I hope there will not be a vote against it, due to the grave situation the world over at this time. [Applause.]

Mr. GIFFORD. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, "Drinking will not drown your sorrow: It will only irrigate it." So again today we drink at the fountain of the Treasury to the tune of \$500,000,000 further to irrigate the drunken orgy of raiding the Public Treasury. This bill should not be discussed by itself alone; it is one of many of the same order.

The gentleman from Michigan says we have a lion by the tail. I thought the usual animal was a bull that we had by the tail. It does not matter; we have the gold purchase by the tail; we have the silver fiasco by the tail; and we have a host of other schemes by the tail that we must let run their courses until the Treasury and our credit is finally exhausted.

I congratulate the gentleman from Georgia. Is it not wonderful that he can convince himself and stand bravely here with boldness and assurance and say: "Behold! This Corporation lost only \$25,000,000." I was once in a business where I kept it bolstered up pretty well for 10 years, but finally had to take the great loss that was painfully evident for some time before. Bookkeeping devices served to give me false courage.

I congratulate you on your Mr. Robbins. He made a competent witness, and yet he says, as will be found on page 9 of the hearings, the page they quote so often, that "on that

which we have disposed of we have lost only about \$25,000,000." See the possibilities of misunderstanding in it! "On that which we have disposed of." But what about those vast amounts of 5 or 6 years in storage, when that is disposed of?

Mr. JOHNS. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Wisconsin.

Mr. JOHNS. I notice on page 6 of the hearings that Mr. Robbins stated that approximately \$650,000,000 of the loans that have been made by the Corporation have been repaid and that in addition the Corporation has liquidated approximately \$400,000,000 of loans by taking over the pledged commodities.

Mr. GIFFORD. And they have sold some of those taken over and it would appear they have taken a loss of not over \$25,000,000.

Mr. JOHNS. How much have they disposed of?

Mr. GIFFORD. I do not know but it has been stated that we will have over a million bales of cotton, probably 1,200,000 bales of cotton that we will own, and we are today irrigating it. The gentleman from Georgia did not tell you that we must have \$90,000,000 this year for carrying charges alone. How about that loss? The future will tell a different and sadder story.

This bookkeeping business is most deceiving until the books are closed. We even carry the feed loans made to the farmers in 1921 at face value. There has been no loss on the books as yet. That is New Deal bookkeeping. The thing is so ridiculous. But we will irrigate today by \$500,000,000 more. The gentleman from Georgia knows and everybody else knows, there will be a frightful loss by this Commodity Credit Corporation in the final result. They have only \$33,000,000 left now to lend, and their commitments are very heavy for this year already on account of loss of the foreign markets. They must have this \$500,000,000 additional at risk. Besides that, if they should dispose of some of their holdings they will have that money to use. This new industry, this storage of cotton, to which the gentleman from Michigan referred, has been highly profitable to some people. New England had a little bite of it lately. After strenuous efforts we have procured a little of it, and they tell us we will probably have that cotton for a good long time. I led the applause for the gentleman from Michigan [Mr. CRAWFORD] when he was given credit for the reduction from more than 20 cents a bale to as low as 8 cents a bale. We are in New England taking it for about 8 cents a bale.

Mr. KNUTSON. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Does the quality of cotton improve with age?

Mr. GIFFORD. I presume everything improves with age with the New Deal behind it. I listen to these boastful statements made about the competency of the New Deal. I wish I had the time to comment on them. There is one answer that should be sufficient reply. We will have a public debt of \$60,000,000,000, and with one breath and in one sentence you can brush their boastful claims into the river. That is a sufficient and complete answer for the meager results that you have obtained. Another answer is the present frame of mind of the people of this Nation. As I said yesterday, they want ships, they want guns, but they do not want conscription. They want all of these largesses and these things that have been handed to them by the New Deal at the expense of future generations. Lest I forget, I want to remind you of the present set-up.

We have had Jesse Jones supervising this proposition for some time, but we will not have Jesse Jones any longer. The full voting power now is in the hands of one man, the Santa Claus that you selected as your Vice President. You certainly picked him because he is your Santa Claus. He stands for largesses, and he has the complete and full authority now. Jesse Jones will be heard from no more, and he will be sadly missed.

Mr. KNUTSON. Does not the gentleman agree that it is entirely fitting that one Santa Claus should have another Santa Claus running with him?

Mr. GIFFORD. Oh, it is wonderful. We can recite present conditions, but it is laughable, it is utterly ridiculous with this tremendous amount of money involved, with the \$90,000,000 carrying charges this year, for anyone to boastfully say they have lost only \$25,000,000. Every March 31 they will have their books audited and the market value will be ascertained. But they are not going to sell that cotton. They will have to hold it a long time. The expenses will run along. The loss in the end will be tremendous. My good friend the gentleman from Georgia [Mr. BROWN], of whom I think so much, down in his heart cannot believe, with the conditions as they are, that we will only lose \$25,000,000.

We have appropriated \$213,000,000 for the capital stock. I am trying to find out from the record here how it is that of the \$213,000,000 they have accounted for only \$100,000,000. There are \$113,000,000 in there some place that would seem to have been lost. On page 9 Mr. Robbins said—I repeat:

On that which we have already disposed we have lost \$25,000,000.

How misleading it may be. But it is like all Treasury bookkeeping. You have heard me complain so many times about Treasury bookkeeping. It is a fraud on the people, such a fraud that we marked off one day two and one-half billion dollars of fake assets at one stroke that had been carried as real assets in the Treasury. This is simply a continuation of it.

Mr. PACE. Will the gentleman yield?

Mr. GIFFORD. Can I help the gentleman?

Mr. PACE. The testimony is that \$650,000,000 of these loans have been liquidated.

Mr. GIFFORD. No; repaid.

Mr. PACE. So a \$25,000,000 loss is not such an enormous percentage of the loans made, handled, and liquidated?

Mr. GIFFORD. No; not if I pick the right bale to be disposed of. For some of this you paid a higher price. You have had carrying charges on it for years. I do not know where those charges have been met. It looks to me as if in this method of bookkeeping they have been hidden somewhere. They are not actually charged up where they ought to be. As I say, this Treasury bookkeeping has forced me—and it ought to force you—to look with suspicion on all of this. You have bolstered these schemes in order to keep them from disclosing real conditions; but the fact is that, though you started with perhaps \$300,000,000, now you want \$1,400,000,000; next year you may want \$2,000,000,000, and Heaven knows where the end will be.

You cannot let go of the tail. How well that applies to this particular experiment.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Alabama.

Mr. STEAGALL. I call the attention of the gentleman to the fact that the testimony of Mr. Robbins on page 9 shows that the \$213,000,000 referred to by the gentleman still stands as a protection against future losses, except as it has been reduced by the \$25,000,000 losses that have been sustained up to this time on the transactions that have been closed.

Mr. GIFFORD. I have read and reread in the last few days page 9, but I still am looking for the fellow in the woodpile. I know he is there.

[Here the gavel fell.]

Mr. GIFFORD. I believe my time has been exhausted. I should not take more. However, I will take 2 more minutes, although I ought not to take those 2 minutes away from the gentleman from Michigan [Mr. CRAWFORD]. He knows more about this than anybody else. He has traveled this country over looking at these storage plants. He is a fund of information on this subject. He deserves a tremendous amount of credit not only for this study but for many other things to which he has given his attention. I should not take his time, but I hope there is Yankee enough left in me yet that you do not pull the wool over my eyes in these matters. It is my job to watch these expenditures, and I have been watching them. I have indeed studied them. Many Sundays have I devoted to the Treasury bookkeeping

and its reports. I have reason now to no longer have confidence in them. Let us not consider this wholly by itself, but let us consider all the other foolishments that you have embarked upon and that you dare not stop. The gentleman from California [Mr. VOORHIS] whom I admire so much, is going to talk again on Monday. He has been trying to solve these problems for a long time. He has given much of himself. Has he got anywhere? Not yet. He votes consistently for these appropriations, but must know they are fundamentally unsound.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. DONDERO. The gentleman has been referring to what the people will discover some day. Does not the gentleman believe the people will also discover some day that no one yet has devised a system of government that is superior to simple arithmetic?

Mr. GIFFORD. Yes; they will come to such realization. But in our democracy how many crimes can be committed of this sort? No one in authority dares to call a halt. We Republicans are quite helpless. You give me a secretary at \$91 a month to do typewriting, but you will not give me an expert who would be helpful to dig the truth of these matters, despite the position I hold on the expenditures committee. I wish I could have such competent help. Much could be disclosed. However, the people will not be misled forever by these false assurances, knowing the public debt is mounting into the frightening sum of sixty billions of dollars. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, during the past few months we have been appropriating millions, yes, billions, for national defense. I believe this to be very proper on account of the condition confronting this country because of a destructive war that is now going on in Europe. I want to call to your attention that perhaps never in the history of our country have we had more serious problems, especially farm problems, than we are going to have in the coming years, regardless of who wins the war in Europe.

If we fail to appropriate this money so as to have it available to carry on a proper, common sense, and orderly distribution of the farm products of the country, it is going to be impossible to build a successful national defense. Unless it is possible to have a well-rounded, well-balanced, and successful agriculture it is going to be impossible to have a real well-rounded and successful national defense. A successful agriculture is definitely a major part of a successful defense program.

As a rule, farm commodities, especially cotton, are about the best collateral you can get for loans, especially according to the amount loaned on cotton per pound. Now we are confronted with a considerable number of millions of bales of cotton on hand at this time. The prospect is for about a 12,000,000-bale crop this year. Unless this Government is in a position to make a reasonable loan on cotton, and I am hoping that it will be made from the beginning of the cotton season so that the small farmer will be in position to take advantage of it, there is nothing to keep cotton from going to 3 or 4 cents a pound, which would mean destruction to the South. Anything that destroys the agricultural South will affect every other section of the country.

I call the attention of my friends on my left to this fact, that I am deeply interested in their problem—western agriculture—and I wish to say to you that if you can help the South work out its serious problem at this time and in the future it will mean everything to every other agricultural section of the country. For the reason, if we fail in cotton or if we have to reduce considerably the number of bales we are now producing, it simply means that the South will be driven into dairying, hog producing, and the production of every other type of commodity that you raise in every other section of the country. All of our products will then be in

competition with yours, and the cause of agriculture will be defeated all over this country.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. FULMER. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. If this bill fails to pass, the producer of corn and wheat will not be able to borrow any money, will he?

Mr. FULMER. I am sure of that, and it is just as important to the salvation of the corn and wheat farmer as it is to the cotton and tobacco farmers. This is a national proposition.

This is not a cotton bill. I hope sometime in considering agriculture we will take a national viewpoint in connection with trying to solve the agricultural problem, because you cannot solve it in one section of the country, perhaps, without destroying the other sections, unless you co-operate on a common-sense basis to be helpful to every section of the country. It is just as necessary at this time to appropriate this money and have it available to relieve agriculture as it is to appropriate money to build up your national defense to save this country, because, as stated before, unless we can place agriculture on a sound and successful basis it is going to be impossible to place our national-defense program on a sound and successful basis. I call to your attention the invasion of some of the Scandinavian countries by Germany, and what a splendid fight the people of those countries put up in that instance, all because from an agricultural standpoint they were prosperous and happy and had something to fight for. I am hoping this bill will pass overwhelmingly because of what it means to agriculture in every section of the country, to business, and to a successful defense program. [Applause.]

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 13 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I wish to build somewhat of a background on which we may stand for a few minutes, at least, and look forward just a little bit as to the rough spots in the road that we may run into in connection with cotton and some of our other crops.

Secretary of Agriculture Wallace, speaking some time ago before the American Farm Economic Association, made these interesting, and I think truthful, remarks:

Cotton and tobacco, the principal crops of the South, are both export products. We normally sell half or more of these crops abroad. The average annual value of cotton exports from 1875 to 1910 amounted to \$260,000,000. During these same years the average favorable balance of merchandise exports from this country amounted to \$250,000,000. This was a period when it was generally considered that the United States was prosperous, a period when the principal and interest of our foreign debts were being paid off. In other words, cotton exports played no small part in paying for the industrialization of this country in the nineteenth century. If 90 percent or more of the cotton crop were domestically consumed it might not be difficult to attain parity income from cotton production. But whether we like it or not, that is not the case. American cotton depends on foreign buyers for a large part of its consumption. Suppose, for example, that our cotton producers during the last few years had received a parity price for that portion of the crop domestically consumed. World prices for the remainder of the crop, even with normal production, would leave the farmers' income from cotton much below parity, possibly 25 percent to 30 percent.

And in this same address the Secretary goes ahead to point out:

It should be borne in mind that this increase in foreign acreage and cotton production—

Referring to the increase in China, Russia, Uganda, Brazil, and other areas—

has taken place while the world price of cotton was on a very low level. About 10 years ago foreign countries produced around 10,000,000 bales of cotton for the equivalent of approximately \$900,000,000 in American money. In recent years foreign countries have produced around 16,000,000 bales of cotton for an equivalent of around \$600,000,000 in American money. These foreign countries are now growing 60 percent more cotton for about 30 percent less money than they did 10 years ago.

Cotton authorities inform us that during the past 10 years, under some 13 cotton programs which this Congress has acted upon, we have paid out from the United States Treasury in round figures approximately \$1,400,000,000 for this one crop alone.

It is interesting to observe that while we were doing this and while we were cutting the cotton acreage approximately 46 percent throughout the country, the balance of the world was increasing the production of cotton from 10,000,000 bales up to 16,000,000 bales per annum, as the Secretary of Agriculture has pointed out.

In the May 1940 issue of a trade report put out by the New York Cotton Exchange, it is pointed out:

It may be readily calculated that a consumption totaling roughly 4,000,000 bales, has already been lost—

Referring to exports for the current year—

or is now in process of being lost, not counting the possible further loss of 1,000,000 bales if the war should spread to southeastern Europe.

I think we can take it for granted that the war, since that date, has spread to the area referred to.

In the same report of the New York Cotton Exchange we find that in 1936 the countries of South America, Brazil, Argentina, and Peru, had supplies of cotton, 478-pound bales, of 2,033,000 bales. In 1938 that had jumped to 2,293,000 bales, in 1939 to 2,480,000 bales, and in 1940 to 2,510,000 bales, in these three producing areas of the South American countries.

In looking over the text of the Habana Declaration on Inter-American Economics, under Habana date line of July 30, only this morning I checked this with the State Department to see if this was the text of the declaration agreed to by the 21 countries that sat around the table at Habana the other day, and we find this interesting information, and for the information of the House I have already obtained permission to insert this entire statement in the RECORD.

The convention down there established what is known as an Inter-American Economic and Financial Consultative Committee. That consultative committee has been charged by the 21 countries to—

(A) Cooperate with each country on this continent in a study of the possible measures for the increase of internal consumption of its own export surpluses of those fundamental products of the economic life of the same.

Then, under (C)—

(C) Create instruments of inter-American cooperation for warehousing, financing, and transitory disposition of the surpluses of said products, as well as for their orderly and systematic distribution and sale, taking into account normal conditions of production and distribution of these products.

Mr. Chairman, within the last few years we have built up the Commodity Credit Corporation to where it must now have a capital structure of not less than \$1,500,000,000; \$1,400,000,000 in the way of authorized loans, and \$100,000,000 in the way of contributed capital. If you will refer to page 81 and page 82 of the hearings you will find where Mr. Robbins, in answer to a question which I propounded to him at the close of the hearings takes the position that Congress should not be astonished if the Commodity Credit during the next few months calls for another \$250,000,000 to \$500,000,000 with which to carry on this program.

Reference has been made to cotton loans. I understand the cotton loan will probably be announced sometime shortly after August 8, when the crop reports come out. In my opinion, based on the small amount of study which I have given to this question, the Commodity Credit Corporation will be called upon to make loans on anywhere from five to seven million bales of cotton instead of 3,300,000 bales of cotton, as indicated in the hearings, if the loan is announced around 11 cents a pound. It seems to me that as we advance toward this cooperative movement between the United States of America and Latin America and the British Empire in operating a blockade against the industrial "have not" countries of Europe, that we are moving into a capital structure for the Commodity Credit Corporation of not less than

\$3,000,000,000 within the next 12 to 24 months. And to be added to that is whatever capital structure may be created for the Inter-American Bank and the Export-Import Bank in the handling of the surpluses of the Americas in connection with this economic declaration to which I have already referred.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. PACE. Why did the gentleman put it that way, that there would be so many bales if the loan was made at 11 cents? Has the gentleman had any intimation that the loan would be fixed at 11 cents?

Mr. CRAWFORD. I have, but it is unofficial, because no member of the Department of Agriculture can give out this information positively in advance. You have to add two and two together, read between the lines, confer with the trade, read the cotton reports and comments, and draw your own conclusion. There are a lot of reasons, arguing from one viewpoint, why an 11-cent loan should be made, while others from another viewpoint say that it should not be so high. Of course, we have not the time to go into all of those things today, but my prediction is, if the loan is set at 11 cents, that the cotton carried into the Commodity Credit Corporation under this new increased-loan authorization will go far beyond the 3,300,000 bales referred to, and I am not saying that to condemn any particular approach. I am simply trying today to get before the House what, in my opinion, is the fact—that we have merely started down the road in connection with this program. Of course, on the other hand, this language is very interesting to me, where the 21 countries have declared that they will—

Establish appropriate organisms for the distribution of a part of the surplus of any of said products as a humanitarian measure and social aid.

Mr. Chairman, definitely this whole proposition is moving into the field of sociology. There are no ifs, ands, or buts about it, but that is the fact, and I hope that any one who disagrees with that observation will take the time to try to refute it. The blue and yellow stamp money procedure here and as it is being discussed in connection with the Latin American approach further supports this view. Humanitarian measures and "social aid" goes far afield when it draws upon the Federal Treasury. We have witnessed that in connection with W. P. A. and the P. W. A. and the general relief agencies now operating. Just where is all of this leading us? Political administration of this social aid has been tried out more or less and we have the Hatch Act. Later we may have to make the law much more exacting if billions of dollars' worth of foodstuffs is also to be distributed by political appointees. Is this a means of absolutely controlling our people? We can well afford to question this method of procedure, both nationally and internationally.

On the other hand, if through some kind of socialistic approach you are going to take these surpluses and feed them out to the people, that, in turn, will interfere with your natural marketing processes and it will come back and hit you in the face, except to the extent that you, through such an approach, actually increase the amount of goods consumed.

Mr. FERGUSON. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. FERGUSON. Would the gentleman advocate selling our products, cotton or wheat, at the world price?

Mr. CRAWFORD. I think the only sensible answer that could be given to a question of that kind is this: I advocate the disposition of foodstuffs, fats, fibers, and industrial products after they have been created. Having created them, let us get them distributed and consumed. Let us not put them into warehouses and say to the world, "You cannot have it." But you may say, "Oh, well, then you are not in favor of cooperating with the British Empire in the blockade." Of course, that raises the question of national defense, because here we are agreeing to continue the blockade;

that is, these goods must not move to Europe through the free channels of trade.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. FERGUSON. Will the gentleman yield further?

Mr. CRAWFORD. I yield.

Mr. FERGUSON. Is it not true that loans, for instance, on wheat, have created a domestic price on wheat far above the world price, that would not have been possible without the storage of this wheat?

Mr. CRAWFORD. That may be true, but unfortunately for the institution of wheat, unfortunately for the consumers of wheat throughout the world, we have set an artificial price on wheat and said to them in substance, "You cannot have it. We are going to keep it in storage." We have said the same thing in connection with cotton and corn, and we are going to continue to say those things.

International exchange has completely dried up. Note the absence of quotations on the franc, guilder, belga, and Danish and Norwegian kroner. There is plenty of trouble these days for the foreign exchange dealers. You go to New York today and there is no exchange on the market with many, many countries of western Europe. There is no exchange being traded in. That is gone. Even the old faithful—sterling—has become a casualty. And we have seen the coming of free marks, registered marks, travelers' marks, aski marks: And there are the three categories of Italian marks. We can only touch on these things lightly, but for instance, around May 1 the insurance on cargoes moving from this country to the United Kingdom, was around $3\frac{1}{2}$ percent of the value of the cargo. In July it had jumped to $7\frac{1}{2}$ percent, and today it is about 12 to 15 percent to certain ports. That is another operation which runs contrary to the movement of goods in the channels of commerce. The whole process of international trade has become a nightmare and we contribute in a manner that makes it no more promising for the future. As we go into this agreement with Latin America in the name of national defense, we further interfere with the movement of goods. We do that as a defense measure, as a trade-area measure, as a parity-payment measure to farmers. At the same time, the tragedy of the whole situation is, we keep building these stocks of goods on the shelves and saying to the world, "You cannot have them." Perhaps some day they will come and make us defend the warehouses where the goods are stored. Eventually we must come down to further reduced production of goods as such, and that, in turn, means a lower standard of living for the people throughout the whole world, including the United States.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. COOLEY. What solution would the gentleman offer of the problem facing the cotton farmers of the Nation and the tobacco farmers of the Nation, along with the producers of other major commodities, when they are faced with a world situation which under the gentleman's suggestion would force them to curtail production of their crops to the extent of 50 percent in some instances as we are doing today in the tobacco section of the United States? We have cut our crops from 1,200,000,000 acres last year to 600,000,000 this year, and without some assistance from the Government, such as contemplated by this bill, the tobacco farmers would be faced with a disastrous situation and with bankruptcy. What would the gentleman offer as a solution of that problem?

Mr. CRAWFORD. We established in years past the objective to be obtained through the making of loans above the market value and the warehousing of the goods. In addition, through the cutting down of acreage and the cutting down of productivity, theoretically, we have moved for an entire decade along that road, and it has brought congestion in the channels of commerce. It has blocked the movement of goods to such a point now that as long as you follow that objective you have got to continue making these loans; and it is for that reason that I visualize within the next 12 to 18

months a \$3,000,000,000 capital structure for the Commodity Credit Corporation, in addition to the Inter-American Bank, the Export-Import Bank, \$500,000,000 of which you are going to be asked to give us for that bank within the next few days.

Now, going directly to your question, you say what suggestion do I make? The only way to unscramble an egg is to proceed to unscramble it. In doing that, somebody is going to bleed blood, unless you want to let the taxpayers, operating through the Treasury, pay the thing off in one fell swoop and thereby distribute the loss throughout the United States.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. AUGUST H. ANDRESEN. Is it not a fact that some day we will have to meet this face to face, whether we like it or not?

Mr. CRAWFORD. Of course, you will. There is no question about that. That is the reason I have never supported the program, because in my opinion it was unsound at the beginning. It has been unsound all along, and I think it is unsound today.

Mr. COOLEY. Will the gentleman yield further?

Mr. CRAWFORD. I yield.

Mr. COOLEY. Is the gentleman in favor of the Government withdrawing its hand from extending relief to these farmers, who, according to the gentleman's own statement, would be bled white in the event they were forced to trade in the world in the troubled condition in which it is today?

Mr. CRAWFORD. I will answer that question this way: I am in favor of having those who administer the Government sit down and actually tackling the bull by the horns and get this foodstuff, fats, and fibers, actually into the channels of trade and out into consumption instead of continually advancing loans, putting it on the shelf, and building higher stocks, more surpluses, and declaring to the world that they cannot have it.

If the farm operators are to be forced to depend upon such mechanics to obtain a fairly good share of the national income on what grounds can loans of only 52 percent parity be justified? On what grounds can loans less than 100 percent parity be justified? If this is to be the remedy, why does not the administration grant the loans or set the minimum price at parity values? If the objective is to prevent the goods going into export—through making above-the-market loans—then what is to be done domestically and internally when the export markets have disappeared and the Treasury is no longer able to carry the loans? The administration certainly has never answered these questions. Yet, before they are answered, declarations are agreed to with other countries of this hemisphere and to the effect we will go along with them in handling their uncontrolled surpluses. What is to be the end of all of this?

Mr. Chairman, on the basis of permission granted, I now submit for inclusion in my remarks the text of Habana Declaration on Inter-American Economics.

TEXT OF HABANA DECLARATION ON INTER-AMERICAN ECONOMICS

HABANA, July 30.—Following is the text of the Pan American Conference declaration on inter-American economics:

The Second Meeting of Ministers of State of the American Republics, considering:

That, in the first consultative meeting held in Panama, it was decided to declare that it was convenient and necessary then, more than ever, taking into consideration prevailing circumstances, to establish among those republics a sincere and strict cooperation to protect their economic and financial institutions, maintain their fiscal stability, assure the stability of their monetary systems, to promote and develop their industries, intensify their agriculture and develop their commerce;

That, in order to reach the objectives of the preceding paragraph, it was agreed to create an Inter-American Economic and Financial Consultative Committee in Washington;

That the present war has accentuated disorganization of international commerce and loss of certain markets for certain American products;

That the existence of surplus products whose exportation is essential for the economic life of the countries of America is an affair of considerable economic, social, and financial importance which

concerns in general the mass of people, especially in those sectors which intervene in production and circulation of wealth of each country and, finally, for the governments of all the continent;

DIFFICULTIES SEEN AHEAD

That it is to be foreseen that these difficulties will continue as long as the war lasts and that some of them, or other new ones, will exist after the cessation of hostilities;

That it is of great importance to orientate the economic development of the American nations, diversifying their production and increasing, at the same time, their consumption;

Resolves:

1. To make the following declaration:

(a) That the American nations maintain their adhesion to liberal principles of international commerce with peaceful aims, based on equality of treatment and just and equitable procedures in interchange.

(b) That it is the purpose of the American nations to apply these principles in their mutual relations as widely as actual circumstances permit.

(c) That the American nations should prepare themselves to reestablish their commerce with all the world in accord with these principles as soon as non-American countries are disposed to do the same.

SHOULD FORTIFY ECONOMY

(d) That meanwhile the American nations should do that which is in their power to fortify their economy, to augment their commerce and economic relations among each other, to project and apply adequate methods to solve difficulties, disadvantages, and dangers that derive from the existing perturbation and dislocation in current conditions.

(e) That the American nations consider it necessary to maintain their normal economic links existing among themselves in order to assure conservation or betterment of the position acquired among their respective markets.

2. To amplify and intensify the activities of the Inter-American Economic and Financial Consultative Committee so that this organism may continue consultations among the American Republics in relation to economic and commercial matters and adjustments, especially contemplating the immediate situations which it is necessary to confront as a result of constriction of important farm markets and exchanges operated in this respect.

With the object of solving special problems, subcommittees composed of representatives of the interested countries may be constituted in those places thought to be most suited to their better functioning.

3. Especially to charge said committee in the shortest possible time to proceed to:

TO CARE FOR SURPLUSES

(a) Cooperate with each country on this continent in a study of the possible measures for the increase of internal consumption of its own export surpluses of those fundamental products of the economic life of the same.

(b) Propose to the American nations immediate measures and adjustments based on mutual benefit which tend to increase the interchange among the same, avoiding that with these the interests of respective producers shall be hurt and having as an objective the amplification of markets for such products and the augmentation of their consumption.

(c) Create instruments of inter-American cooperation for warehousing, financing, and transitory disposition of the surpluses of said products, as well as for their orderly and systematic distribution and sale, taking into account normal conditions of production and distribution of these products.

(d) Propose the celebration of agreements concerning said products with the aim to assure, as much for the producers as for consumers, equitable conditions of interchange.

(e) Recommend methods to raise the level of life of the peoples of America, including measures for public health and good nutrition.

FOR HUMANITARIAN AID

(f) Establish appropriate organisms for the distribution of a part of the surplus of any of said products as a humanitarian measure and social aid.

(g) Consider, while these plans and recourses are being developed, the establishment of a broader system of inter-American cooperation in matters relating to measures of credit and other aids which might be immediately necessary in economic, financial, and monetary matters and in foreign exchange.

4. Support Resolution 13 of the Inter-American Economic Financial Consultative Committee and recommend for the promotion of the economic development of the American nations under the terms of said resolution, that each one of them, by self-initiative, establish in consonance with the program of the Inter-American Development Commission enterprises of government or private capital coming from two or more republics in this hemisphere.

These enterprises may direct themselves directly to the Inter-American Bank or to other official or private credit institutions, recommending that the bank referred to shall grant the most favorable consideration to the possibility of lending them financial aid.

Mr. BROWN of Georgia. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, I want to take these 5 minutes to tell the House my personal views in regard to the corn-sealing program. It is not my intention to say anything about the cotton part of this bill because that subject has been covered very fully by other gentlemen speaking here today.

It is my firm conviction from the knowledge obtained from farming for years before coming to Congress that the average farmer in the Seventh District of Minnesota, one of the best farming regions to be found anywhere on this earth, did not make any profit from 1931 to 1939 with the exception possibly of the last 3 years. We were afflicted by drought for 2 years, following the disastrous year of 1932. I am also personally convinced that had it not been for the corn loans that those 3 years—1937, 1938, and 1939—would not have shown a profit to the farmers of the great Midwest. That is why today I am urging you men and women to vote for this bill.

Had the farmers in my congressional district in Minnesota been forced to sell the excess corn that they had for marketing during those 3 years they would have received anywhere from 30 cents per bushel up to 39 cents per bushel at husking time; that is, providing that the price had held to where it was and not allowing for the great stabilizing effect of the corn loans on the market.

In other words, the average quarter-section farmer in southwestern Minnesota who might happen to have had 2,000 bushels of corn to sell, either as corn or through feeding it to livestock, would, at the very most, have received an average of approximately 35 cents per bushel from that same 2,000 bushels of corn per year for those 3 years. This means that he would have to take at least 20 cents per bushel less, or \$400 less, for the same 2,000 bushels of corn each year had he not been able to apply for the Commodity Credit loan of 57 cents per bushel.

But there is still a more grave angle to this situation than the mere difference between the 35-cent average market price per bushel and the 57-cent loan rate. Without doubt, had it not been that a floor of 57 cents per bushel, a prop holding up the market price, had been placed as it was under this corn, my friends and Members of this Congress, you would most likely have seen a reenactment, if not worse, of the agricultural slump of the year 1932.

Had it been left to the speculators in Chicago to dictate what price the farmer should receive for that corn the past 3 years, I sincerely doubt whether we would have been able to obtain more than 20 cents per bushel. Yes; there is considerable doubt whether or not that same quarter-section farmer with the 2,000 bushels of corn that he had for sale would have received the total of \$400 for it rather than the approximately \$1,200 that he actually obtained under the loan through the Commodity Credit Corporation.

We have an emergency in agriculture and have had one for years. I know from personal experience, from actual experience back in the district which I have the honor to represent here in the House, that the farmers of my congressional district—and I can safely say that applies to all agriculture in America—cannot continue to farm under cost of production and also retain ownership of their farms. I repeat that if we are ever to expect the tenant farmer to be given an opportunity to own his own farm, that can never be attained by refusing to pay the farmer what it costs him to produce the food which the rest of the Nation must have or cease to exist.

Today, in these few minutes, I cannot go into the reasons for the present pitiful condition of agricultural prices. There is no doubt, however, that the flooding of our own American markets by the products produced in foreign countries have had much to do with costing the farmers of America billions of dollars in gross income. There is no doubt in my mind that the American farmers cannot compete with the low-priced labor of other countries for the world market and for our own market and still maintain a decent standard, the American standard of living, here in America.

I sincerely hope that in a few years at the most that we shall be able to receive cost of production for what we pro-

duce on the farm, for that portion which is consumed in our Nation, just as the automobile manufacturer is given cost of production on his automobile; just as the steel manufacturer is assured of so much per ton on the steel manufactured; and just as the laboring man who works in factories which produce products sold in interstate commerce is given and guaranteed a certain minimum wage for his labor. Surely, when because of the upset economic system in our country, a farmer is not able to obtain a decent price for his commodities, there is just as much justice in our Government in loaning me as a farmer 57 cents per bushel, only three-quarters of parity, for the corn that I produce and that these quarter-section farmers produce, especially after they have taken at least one-quarter of their corn land out of production; I repeat that there is just as much justice in making such a loan as there is for the Government, for your and my Government, in the vast appropriations made recently for national defense, which we all realize to be necessary, to guarantee to the munition makers, to big business, to airplane manufacturers, from 8- to 12-percent profit before their factories ever start a lick of work on the contract.

I cannot and will not agree that any \$500,000,000 has been lost in this program. We sold our 1937 corn just a few weeks ago. The government received for that corn that we delivered in Tyler in the neighborhood of 47 cents per bushel. They loaned us 57 cents per bushel on it, as they have loaned to millions of farmers throughout America. Possibly there might be a 15-percent loss, Mr. Speaker, on the corn part of the program, but I cannot see but what it is far better for our Government to take a loss if necessary of a few hundred millions in a successful effort to hold up the price of these farm commodities rather than to let it go to the dogs, where it would have gone without this loan holding it up. I repeat to you, the farmers back in my district would have sold their corn for 18 or 20 cents per bushel or perhaps less during the last 3 years, let alone what price to which hogs and beef cattle would have fallen, if there had not been the great stabilizing influence of the 57-cent corn loan holding up the price on this great commodity. That 57 cents was under there as a floor. Even that 57 cents does not represent parity, nor does it give to the farmers of America very little if any profit, but what little profit there was went to him rather than to the speculators in Chicago, where otherwise the great corn crops of the last few years would have been dumped on a glutted market.

So, Mr. Chairman, I would not be properly representing the people of the Seventh District of Minnesota, both the farmers and the people in the villages, who are dependent upon the farms of my district for their business, were I to sit back and listen to this debate without taking a small part in it. May I impress upon you that what I have to say in this connection here is the viewpoint of a man who knows what it means to farm actually and not on paper. I thank you. [Applause.]

[Here the gavel fell.]

Mr. BROWN of Georgia. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. HARE].

Mr. HARE. Mr. Chairman, I desire to subscribe at the outset to the theory advanced by the gentleman from Michigan [Mr. CRAWFORD] when he suggests that instead of providing for the exportation of the raw material to foreign countries we should first process the material and then, if necessary to subsidize, subsidize the finished product. I subscribe to this theory because I think it this way we would be able to give increased employment in our own country and we would be able to store the finished product just as easily as the raw material, and there is no reason why we should not be able to dispose of the finished product as easily as the raw materials.

Mr. FERGUSON. Mr. Chairman, will the gentleman yield?

Mr. HARE. I yield.

Mr. FERGUSON. Is it not true that the Surplus Commodities Corporation now is subsidizing the use of cotton and these other surplus commodities of the farm after they have been processed? Is not that a step in that direction at this time?

Mr. HARE. There is no doubt about that. The Commodity Credit Corporation found last year that it was just as expedient and wise to subsidize the finished product as the raw material because at one time in the year they stopped exporting raw cotton but continued the exportation of the finished product.

A great deal has been said in this debate about the cotton program destroying our export market. The gentleman from Michigan referred to the fact that 2 years ago we exported only 3,000,000 bales. That was true, but one swallow does not make a summer. You cannot judge a program or a plan or a policy by the operations of 1 year.

This past year we exported six and a half million bales, which was about a normal year of exports. If we take a period of 30 years, we will find that the percentage of exports over 5-year periods have all been practically the same ratio with reference to production. That is, when production increases the percentage of exports increases correspondingly, and vice versa. You cannot judge by 1 year. You cannot pick out one year and compare it with another year. You have to take periods of years. For instance, I find from the year 1910 to 1914, a period of 5 years, the percentage of production exported was 65 percent. In the 5-year period 1915 to 1919, inclusive, the percentage of exports compared with production was 50 percent. Then in 1921 to 1925 the percentage of exports compared with production was 58 percent. During the period 1926 to 1930 exports of cotton was 57 percent of production, and the percentage of production exported in the period from 1932 to 1936, inclusive, was 58 percent. In other words, for the past 15 years the percentage of exports of cotton has been practically 58 percent of production.

Mr. FULMER. Will the gentleman yield?

Mr. HARE. I yield to the gentleman from South Carolina.

Mr. FULMER. In connection with that, if you will look at the record you will find that while they have been increasing the production of cotton in foreign countries they have each year been increasing the consumption of additional cotton while in this country we have gone along on practically a level basis so far as the consumption of cotton is concerned.

Mr. HARE. The theory advocated here is not so very different from the theory that has been advocated for a number of years by industry. Industry has for many years clamored for a high protective tariff. That is, industry has been asking the Government to permit industry to tax consumers on everything they buy in an amount equivalent to the tariff duty. In other words they have been asking the Government to tax the people in order to keep foreign goods out of this country. The only difference I see in the theory referred to and the bill before us is to tax all the people, the manufacturer and consumer alike, in order to dispose of American-made goods in foreign countries. [Applause.]

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MILLER].

Mr. MILLER. Mr. Chairman, I sat through the hearings on this bill, and when the hearings closed there were questions in my mind that I could not seem to secure an adequate answer to from the witnesses who appeared before the committee. I am going to raise those same questions here this afternoon, in the hope that some members of the committee, or some proponents of this legislation who understand its background and its purpose better than I, will try to answer.

I think the truest words said during the debate this afternoon were the words of the gentleman from South Carolina when he said that until we solve the problem of the cotton farmer we are going to have trouble in every other part of the country. Certainly that is a major problem, and we are not going to have a prosperous United States if the great Southern States are permitted to suffer by lack of an adequate market for their crops. I do not know what the answer to the problem is. Not having any solution, I suppose I shall vote to continue this program.

Mr. FULMER. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from South Carolina.

Mr. FULMER. May I say to the gentleman that to solve this problem we will have to definitely make up our mind that we are going to consume more cotton in this country or else cut the acreage and production of cotton? May I state that in other countries they are mixing other fibers with their cotton, but in this country the various other fibers are running away with our market and cotton is going down. We may have to do something about consuming cotton along that line.

Mr. MILLER. I certainly hope some larger and better market can be found for our cotton crop and for some of our other surpluses.

Mr. CRAWFORD. Will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Let us take this as an illustration. We know that an 11-cent loan is being considered this very minute. If we make the 11-cent loan on cotton at the present time with our European markets in the condition they are, it will encourage the substitution of other fibers for fabrics instead of the use of our domestically produced cotton. We have been running along that road for 10 years and we continue on that road. I want to make that observation to fit in with this very thing the gentleman now states.

Mr. MILLER. I think it is certainly a major part of the problem. I asked Mr. Robbins certain question and I have been searching for an answer. I cannot understand why the world conditions that we face today are greatly different from the conditions that we faced in 1916 and 1917. I believe there is going to be somewhat of a world famine during this coming winter. Certainly a great part of the farm production of Europe will not be harvested this year. A good many of their crops last year were not harvested. I cannot see why we will not have a repetition of World War conditions when there was definitely a shortage of practically all farm commodities. I think that a need for those commodities will exist on the other side of the ocean and, as I see it, our problem is to work out some way to get the surpluses that we have over here, largely cotton, wheat, and corn, to the part of the world where they can use them.

Reference has been made today to the situation of the tobacco farmers. We raise a good deal of tobacco in Connecticut, although most of it, practically all of it, is cigar-wrapper tobacco and is not involved in the present difficulty with British exports. I believe that the only reason that Great Britain is not buying our tobacco, and the reason why it has canceled contracts it had to buy our tobacco and to buy our apples and other farm commodities, is simply that they are now putting every bit of dollar credit they have into war munitions.

I do not believe in driving a hard bargain with anybody because we are in the driver's seat, but I do think we have the interest of our own farmers and our own people to consider, and I can see no reason why we should not insist that, if we are going to sell to the countries of Europe the war materials they badly need and that they apparently have plenty of money to pay for, a certain sum of money be spent on buying these farm surpluses that are today being bought from other countries where they can get normal credit.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield to the gentleman from Massachusetts.

Mr. CASEY of Massachusetts. I believe the gentleman is making a very interesting statement. I should like to point out that at the present time our inability to sell our surplus goods overseas is, I believe, due to the fact that our ships are unable to go into the belligerent zones and the ships of Great Britain, for example, are busily engaged in carrying men and ammunition up to the hilt. I do believe the time will come, however, when hostilities cease, when we shall be able to get rid of our surpluses and there will be a fine market overseas.

Mr. MILLER. I believe the gentleman agrees that there are bound to be famine conditions in Europe this coming year?

Mr. CASEY of Massachusetts. I do agree with that.

Mr. MILLER. It is a coincidence that this bill carries an authorization of an appropriation of \$500,000,000, and we know that within the next few days we will have another bill before us also involving \$500,000,000. I am wondering if these two bills will not be in conflict and if the result we are trying to reach from passing this bill will not be adversely affected by the other bill when it comes along. As I understand, we are going to be asked to appropriate \$500,000,000, as the newspapers have expressed it, to buy the surpluses of South America, to keep those surpluses out of the hands of the European dictators. We all know that many of the surpluses, in fact, most of the surpluses, of South America are also our surpluses. I believe we should consider both of these things at the same time.

While it is not particularly connected with this bill, I think all these matters that are under consideration by the Congress and by the State Department are involved in this whole question of farm surpluses. Again depending only on the newspapers, apparently we are entering into an agreement—maybe it is not a treaty but it certainly is an agreement—that it seems to me at least gives to two-thirds of the republics of this hemisphere the right not only to control our actions but actually, as I see it, to involve us in war. If the newspapers are properly presenting the matter, any two-thirds of the South American nations can practically force us into a position that will put us into a war, whether or not we want to go into it.

I wish that the hearings we have on these matters would be permitted to run longer, and then we could get more of the background and more of the details of these bills. Year after year—and this is not partisan criticism—we have been following the same road, as the gentleman from Michigan pointed out, appropriating money. We know that something has to be done for the farmer. We know that he cannot carry his own surpluses. Still, after 4 or 5 years on one plan, it seems that if it does not work—and it has not worked—there are brains enough in this Congress and in this country to work out a plan that will work and that will restore some fair market to our farmers. [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, I do not know so very much about cotton but I do know something about corn. Last year I raised corn, as we always do in Iowa, and I sold some of it for 37½ cents a bushel. True, it was a very small amount. I warehoused, sealed, and stored on the farm all I could at 57 cents a bushel under the provisions of the Commodity Credit Act, but I did not have storage room for all of the crop, and so I sold part of it at 37½ cents. This is less than half the cost of production, and also less than about half the parity price.

Let me say to the gentlemen on both sides of this aisle that the farmers cannot live in Iowa and sell corn at 37½ cents a bushel. The amount I sold was only 300 bushels. The rest of it was warehoused and stored at 57 cents. I was home in Iowa last week and I found that corn out there now is selling for about 52 or 54 cents, just such corn as I sold at 37½ cents, and just such corn as was taken over by the Commodity Credit Corporation. The difference between 37 and 57 cents, or 20 cents, used to go to the speculator. The farmer would haul his corn downtown when he husked it and take 37 cents or less per bushel. As the gentleman from Minnesota [Mr. H. CARL ANDERSEN] said, if it had not been for this warehousing proposition, we would probably have had to take 20 cents per bushel last fall. Why allow the speculator to get this enormous profit? Why permit the poor farmer to lose the price of his labor?

Today the Government loses practically nothing on corn, and it has lost nothing up to this year. So far the price has raised up to the storing or warehousing price at which the farmers are getting loans from the C. C. C.; but out on the farms the price for the moment may be a trifle less than loan price in some communities. Are you going to vote for the farmer or for the speculator? There was a speech put

into the RECORD not long ago by our good friend the gentleman from New York [Mr. TABER], the watchdog of the Treasury, attempting to show that corn prices had already reached parity. How ridiculous that is when you know what corn is selling for in Iowa. I have my account book over in my office now. If I had known this discussion was coming on, I would have brought it here and would have read the entry about the sale of that corn.

Gentlemen tell me on this side and on the other side, that we must not allow subsidies to the farmer, and that we must refer back to basic principles. Now this would be all right if nobody else was getting subsidies and artificial law-made benefits, but when everybody else is getting subsidies, why not the farmers? I want to emphasize the fact that farmers will live if there are no subsidies to anybody. They will get along somehow, if nobody gets help from the Government. They would not starve to death even if they did not get benefit payments provided that there was no tariff and farmers were allowed to buy in the great world markets, if there was no wage and hour bill, which increases the price of everything farmers buy, if there were no subsidies for mail, for air carriage, or for water transportation, no fair-trade bill which raises prices, no gold subsidy which raises the price of gold to \$35 per ounce, if there was no silver purchase price policy which raises the price of silver four times its market value, if railroads got no subsidies, if bankers got no special benefits. I can name a score of such benefits to a score of industries and groups. The farmer is bound to eat and live whether you boys and girls in the cities live or not; but he may be compelled to live without the things that he should have unless he be given fair treatment. Remove all subsidies or else give the farmer his right to receive fair living prices by this loan proposition. The loan proposal was first introduced into this country in Iowa. I had a part in writing it and in making it the law of that State. The idea was then brought here to Washington by the Secretary of Agriculture. In our Republican platform adopted at Philadelphia we said we favored a profit price for agriculture. Are you Republicans on this side going to repudiate that statement and admit that it is a mere platitude and that you will regard the promise as a false and fraudulent one.

Commodity loans have been endorsed by and in the Republican platform, and this is a year in which the Republican Party must carry the great agricultural States of the Middle West. It must carry Iowa and Illinois and other States like them. And you cannot do this if you are false to our promises. This very day there was laid upon your desk the midmonthly local marketing price report of the Agricultural Marketing Service. People generally agree that the years from 1909 to 1914 were average years and that these years were prosperous years for everybody, including the farmer. And these years have been taken as the basis for parity prices. Let me call to your attention also that these years were Republican years. A Republican sat in the White House and the Congress was for the most part Republican. Most agricultural experts agree that these years should be taken as representative years because prosperity came to everybody as a whole.

Using 100 percent as an index number for these years we find from this report that grain was selling in July 1940 for only 78 percent of what it sold for in those prosperous or index years. And we also find that the prices paid by farmers in 1940 was 127 percent of what it was in the former basic years. Here is a difference in the comparison of 49 percent against the interests of the grain farmer. We also find from this report that the ratio of prices received by the farmer to the prices paid by him in July 1940 was only 78 percent of what it should be and what it was formerly in those basic years. Does any gentleman on this floor believe that farmers can exist under such a disparity of price? Does any gentleman believe that he ought of right to live under such disparity of price? Why should a farmer not have parity? Do you think that he ought not to be on a par with other people? If you do, vote against this bill, but do not thereafter pat the farmer on the back and tell him how much you love him, for

he will know that you are a fraud and that the truth is not in you.

The present program may not be regarded as a permanent one, but until and unless something else is offered which will keep par and which will redeem pledges and which will be morally fair and which will do equity we must go ahead with it. When Members talking against the bill this afternoon were challenged to propose something else and something better for farmers, these Members very gracefully diverted the argument and slid out from under answering it.

If plans can be devised which will adequately safeguard farm interests in a permanent way. I will be glad to support them, but there is nothing before us of this character this afternoon. The present program depends upon annual appropriations and I can visualize the time when these appropriations will not be made, but we can then substitute other means to do justice to farm people.

We have been voting billions and billions of dollars for defense. We are going to have an army with a huge complement of men sufficient to protect our homes. We are going to implement them with modern arms and munitions. We will build a great navy to protect both our shores. We will have war planes in the air. We will put an argosy upon the waves.

We will have submarines under the waters, and our flag will wave triumphantly over the surface of the land. But let me tell you that there is no defense and that there can be no defense unless agriculture is encouraged to produce foods and fibers and oils that will support armies and navies. Everybody knows that armies travel upon their bellies. Everybody knows that starvation is the means by which dictators and tyrants bring governments and peoples to their knees in suppliance. All the great marshals knew this. Napoleon knew it, and war strategy of the present day is based upon it. The quartermaster is the man who brings victory to armies. And while we are appropriating these moneys for armed defense, I pray that you remember that the production of food is more important than anything else, and that farmers will not and should not be expected to go on producing at a time when they are brought into despair by bankrupt prices for their commodities.

I spoke a moment ago about subsidies and artificial benefits that were going into other than farm channels. Manufacturers get them; industrialists get them; banks get them; carriers get them. Farmers pay for them, and they ought to be exempted from these payments or else they should be given a share of them. It is all right to speak of great principles. It is all right to say the Government should not support the people but that the people should support the Government. But certain entrenched classes have so long been receiving artificial help that they do not realize the truth of the situation. Are you going to say that a farmer should not be on a par with others; that he should be a mere underling; that he should be servile; that he should not have a profit price or a living price for his commodities? Do you believe that when the time comes to quit a spending program, as my friend from Michigan said, someone would bleed blood? All right; will it be the farmer? Are you going to say, "You farmers must be the fellows that bleed this blood"? [Applause.]

I have secured permission to put into the RECORD an editorial which I approve, and which was written by Mr. Waymack, editor of the Des Moines Register, one of the great newspapers of my State, and is as follows:

MORAL PARITY IN USE OF "PRINCIPLES"

Listening to some serious arguments among educated people the other day, we were struck by the way they used great principles to provide foundations for arguments.

Because we think the way they did it is about the way most people do it, we'll describe the procedure.

It was a good deal like the way old-time printers used to reach up into a certain little box to draw out the letter "A," use it, and then put it back for use at some future time.

The old-time printer drew out the letter "A" when the letter "A" was the one he wanted at that particular moment.

When it was the letter "B" he could use to advantage, that was the one he took.

Well, at this discussion that we are speaking of, the agriculture problem was the subject. And one of the very sincere and ardent arguers reached up into the boxes of great principles that he keeps mentally handy, and pulled out the one about the "disastrousness" of people getting into the habit of "leaning" on government.

Now, this is an all-right principle. That is to say, there's something to it. Something real and big and important.

It is true that if all the people come to look to government for everything, and to quit relying at all on themselves, the country gets in a bad way.

But the trouble about plucking out this great principle and applying it with gusto to the farm problem is that those who are so fond of doing this put the principle promptly away again, and exhibit another more suitable for their purpose, the moment they start arguing about any other problem except the farm.

Sometimes, if the discussion swings rapidly from one subject to another, the finger work of the pluckers-out of great principles becomes something marvelous to behold.

It is as magnificent an exhibition of speed and dexterity as when Paderewski does a swift piece with miraculously nimble hands over the keyboard of a piano.

Only it doesn't make harmony, intellectual harmony.

Invariably, when an arguer proposes the great principle of never leaning on government as a final and complete damnation of every approach to agriculture's problem that stands any chance of getting anywhere, this arguer obviously assumes, at least for the moment, that never until agriculture began to assert its rights was any leaning done.

He invariably ignores the fact that it is governmental policies, demanded and got by earlier leaners, that have created the farm problem.

He doesn't really argue against all leaning. He argues in favor of all leaning that has been done up to a certain point and against all leaning from that point on.

He preaches unqualified reliance on rugged individualism and unimpeded economic law for the farmers, but for none other.

And the moment anyone tries to make him apply his great principle of nonleaning to everybody, not just to the farmers, he stuffs it back in its little box so fast it makes your head swim.

Perhaps the great need of this country is not, as Tom Marshall said, back in the quiet McKinley days, "a good 5-cent cigar," but a United States committee on the coordination of the argumentative use of great principles.

Until that committee gets its job done, which we surmise will be when the millennium comes, we are just going to scoff at the one-sided and obtuse gentlemen who can't stomach leaning on government, because it is wrong in principle, when it is the farm cause that is up, though they can't find that principle with a microscope on any other occasion.

Some time ago we raised the question of moral parity as well as economic parity for American agriculture.

Moral parity in the use of great principles is one desperate need.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Chairman, in March, I think it was, of 1938, the Congress passed an act requiring that on March 31 of each year the assets and liabilities of the Commodity Credit Corporation should be appraised. They were appraised last year, 1939, and on the value of the commodities on which the loans had been made as compared with the amount of the loans, it was found that the capital structure had been impaired. It was necessary for the Congress to appropriate funds to correct that impairment. A terrific fight was made on the floor, particularly on the Republican side, against the appropriation of funds to repair the capital stock. I stated then I thought it would be very unfortunate if the Congress should adjourn without appropriating funds for that impairment because then the buyers of cotton, corn, and wheat would know that the Commodity Credit Corporation was helpless, could not make loans and that the buyers would take advantage of the situation. I further stated that I thought if the appropriation was made and the world knew and the cotton buyers knew that the Government was in position to protect the farmers, very little use would be made of the cotton loans.

It appears that this was a correct prediction. We produced last year about 12,000,000 bales of cotton, but of that total crop only 19,849 bales are under loan. That is the amount of cotton of last year's crop that is under loan and the reason it is so little is the fact that we did restore the capital stock and the buyers knew that the Government was in position to protect the farmer and the market price was maintained at above the loan figure. That is exactly what we face at this hour.

There is now only \$33,000,000 available for loans. That is all the money the Commodity Credit Corporation has. If

you fail to pass this bill, the corn buyers, the wheat buyers, and the cotton buyers will know that the Commodity Credit Corporation is helpless, that there is no money there to make the loans, although there is a law making the loans mandatory, and the chances are that you will have 3- or 4-cent cotton again and 15- or 20-cent corn again and 20- or 30-cent wheat again. That is exactly the situation.

It is estimated that \$150,000,000 will be needed for corn loans, 260,000,000 bushels; that \$90,000,000 will be needed for wheat, 140,000,000 bushels; that \$150,000,000 will be needed for 3,300,000 bales of cotton; \$40,000,000 for loans on tobacco, and \$60,000,000 for loans on other crops, making a total prospective need of \$490,000,000.

This is why those interested in the corn, wheat, cotton, and tobacco producers of this Nation are here asking you to increase the lending power of the Corporation, but hoping that not one dollar of it will have to be used. [Applause.]

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, when the officials of the Commodity Credit Corporation were asked by the members of the Banking and Currency Committee why they wished this additional half billion dollars, they stated that owing to the tremendous upset in the world conditions it would probably be necessary for the Corporation to make so-called loans to this extent during the next fiscal year. I do not think that the average citizen, outside the districts where these loans are made, realizes that these so-called loans are not loans at all, but that they are made in every case without recourse. The farmer is given the money, either through a bank with the Corporation's guaranty, or through the Corporation itself, at a set price which may be the market value of the crop, or in some cases above the market value. Then, if the price goes up, the farmer is allowed to sell the commodity covered by the loan, while, if the price goes down, the Government is left holding the bag and the farmer is not even asked to pay insurance or interest, as a rule. No matter how many other resources the farmer may have, he has no further responsibility, and owes nothing to the Corporation.

Mr. PACE. Is not the same thing true of the city man with the H. O. L. C. loan and other loans on which there is no security other than the collateral itself?

Mr. KEAN. No; I do not think that is true of the H. O. L. C. One of the complaints of the H. O. L. C. is that they are always taking deficiency judgments.

Mr. PACE. I understood that they could not take deficiency judgments.

Mr. KEAN. Oh, yes; they can. I am not saying that this policy, in the conditions which have confronted the world in the last few years, is not advisable. I cannot qualify as an expert on farm conditions, but I do say that in calling this sort of deal a loan, the average person is being deceived with reference to this whole policy. What the policy should be called is an underwriting and a guaranteeing of a minimum price to farmers on certain commodities, and the public in considering whether this policy should be further expanded, should understand this fact clearly.

As I said before, I am not qualified to judge the necessity for this program or the need for the increase at the present moment, but I cannot stand here and favor increasing the guaranteed debt of the United States by another half billion dollars. In the bill which we passed the other day we increased the regular debt limit by \$3,000,000,000 to take care of conditions arising out of the emergency created by events abroad. If the Commodity Credit Corporation needs this money, it should be secured by selling Treasury bonds. It is about time that we stopped issuing these Government-guaranteed obligations in an attempt to fool the people as to how much money the Government really owes. This bill, taken in conjunction with the bill we passed a while ago turning certain capital back to the Treasury and thereby decreasing the direct Treasury obligations in exchange for increasing the guaranteed obligations, will raise the guaranteed debt to well over \$6,000,000,000, which will make our total debt \$55,000,000,000. Of course, the excuse is made that many of

the guaranteed bonds are secured by assets which may be recoverable, but certainly no banker would consider a so-called loan up to the full market price on a commodity which fluctuates violently in price, and on which there is no recourse against the borrower, as a safe risk. How long are we going to continue guaranteeing these questionable obligations? I think it is about time that we stopped fooling ourselves as to the amount that we owe.

Mr. THORKE. Mr. Chairman, will the gentleman yield?

Mr. KEAN. Yes.

Mr. THORKE. Is it not a fact that the farm imports today are in a sense a subsidy to the foreign farmers? I refer to the farm imports brought about by the trade treaties and compacts, the imports of cattle and wheat. Is it not a fact that the loans that we extend to foreign nations are a double subsidy for the foreign farmers at the expense of our own, and in order to adjust that that we must subsidize our own producers?

Mr. KEAN. It may be true that the policy which the administration wants to carry out with reference to South America, as the gentleman from Michigan [Mr. CRAWFORD] said, is to lend money to South America to help their crops, and then we will have to pay our own farmers extra money for the crops here. It seems rather illogical.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. KEAN. Yes.

Mr. CRAWFORD. I think it is necessary, in studying this information obtained from the State Department, to realize that this country has been committed to the proposition of making common cause with the 20 countries to the south of us. We are now in the pot with them, and, in my opinion, it will tie up all of the surplus products of these 20 countries to the south of us. And if our distinguished Chairman will permit me to make this observation, I refer to one of his press reports issued the other day, where he had reference to the Export-Import Bank bill which will be up for consideration, I suppose, within a few days. He said this:

As part of a broader program of this country with the other countries of the Western Hemisphere, I have today introduced a bill which will broaden the lending powers of the Export-Import Bank and enable it to make loans for the purpose of assisting in the development of the resources, the stabilization of the economies, and the orderly marketing of the products of such countries.

That, in connection with the economic declaration of the 21 countries, in my opinion, sews us up positively and definitely to whatever billions are required to handle the proposition.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. Mr. Chairman, the problem that is attempted to be met in this bill is the problem of so-called surpluses. We know that to a great extent these so-called surpluses are not real surpluses at all. More recently we have developed the stamp plan in the Surplus Commodities Corporation, on the very reasonable idea that the thing to do with food, if there are hungry people in the country, is to enable those people to consume it.

Basically, as America looks forward into her future, the one most vital thing that it seems to me she must realize is this: that her opportunity of living at peace is going to depend in very large measure on her ability in developing a distributive system which will enable her people to consume as they produce. I say this because it appears to me inevitable that opportunity for foreign trade is going to be much less in future than it has been in the past. There are some commodities which we produce in real surplus—some commodities where we are dependent upon foreign markets to dispose of them. One of those commodities is cotton. It therefore seems to me to be perfectly ridiculous for people to criticize the present program of the Department of Agriculture which endeavors, through the soil-conservation pro-

gram, to enable our farmers to get a better balance in the production which takes place.

Now, here is a program of making loans to farmers to enable them to stabilize the market and protect agricultural prices, or to realize a better price on their production. I think it is little enough for us to do this. Our farmers—25 percent of our population—have received over a long period of time no more than 6 percent to 11 percent of the Nation's income. But I have asked for this time in order to say that I believe that fundamentally what this problem is is a problem of coming much nearer than we have ever come before to enabling the American people to consume their production. Doing that, believe me, has more to do than any other one thing with our hope of peace and our true national defense.

Now, here is wealth already produced. Here are people in need of those farm commodities, and yet it is, we think, necessary for us in the first place to borrow some of our own national credit to loan the farmers and then to borrow some more in order to finance the stamp plan. It does not seem to me that is reasonable, particularly not when the level of prices for basic farm commodities is below what it ought to be, and particularly not when you know that the prices of those commodities will respond to the influence of the injection of an additional quantity of the medium of exchange into circulation quicker than any prices that there are. It seems to me that we have a duty to directly monetize these commodities which are already produced and waiting for a market and thus enable the people of America to consume them promptly. I think such a policy should be continued until such time as agricultural prices are restored to parity.

Mr. JOHNS. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield to my distinguished and able friend from Wisconsin.

Mr. JOHNS. I have been interested in the discussions about the floor of prices for agricultural products. It seems to me that if this bill were carried to its logical conclusion and you made loans to every farmer on every product in this country and fixed the loan, such as was spoken about this morning, at, say, 57 cents, and the Government absorbed the difference, we would not have any trouble in working out our floor of prices. The Government would pay that much anyway. What does the gentleman think about that? The gentleman is a great economist and I would like to have the gentleman answer that.

Mr. VOORHIS of California. I have been one Member who has been very deeply interested for a long time in the general approach to the agricultural problem, of a guaranteed minimum price for agricultural products. I have thought and studied at length on this subject and always I come back to the idea of saying in a careful piece of legislation that below a certain price farm commodities will not be allowed to fall. I recognize that such a plan involves certain difficulties, certain difficulties that will have to be met and overcome in some fashion, but I will say this much: Either every monopoly in America which levies tribute upon the rest of the people in the form of artificially high prices must have its power broken or else the farmer must be protected against cutthroat competition and control of his prices by agencies like the Chicago Board of Trade. In the interest of national defense on yesterday we provided for a minimum profit of 12 percent on airplane contracts. I do not know of anything more fundamental than food products, from the standpoint of national defense, and it appears to me that if you are going to take steps like that in one field, there is quite as much logic in taking them in another. The burden of my present appeal is this, however, that we understand that a so-called surplus is not a real surplus so long as there are people in the United States who need to use it; and that wealth produced is the only basis that gives money value; that, therefore, there is a gap in our thinking in this respect unless we know how to bring those two things together. [Applause.]

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Miss SUMNER of Illinois. I wonder if the gentleman noticed in the testimony given in the hearings that there was no particular concern with corn and no losses on the food commodities; it was only on the cotton. The problem for consumption is purely cotton. I am not sure what the figures are. Perhaps the gentleman knows about the chances for increasing the consumption of cotton in our country.

Mr. VOORHIS of California. I think there are ways to do that. I would point out that we are only beginning at this moment to utilize the stamp plan of the Surplus Commodities Corporation for cotton. It is being used in my own county in California, and I am very interested to see what the consequence of that will be. My own conception of that plan is that it is only a very good beginning in the sort of thing we need to do. I tried to say awhile ago that we all realize that in the case of cotton there is a real problem; a problem that is more difficult than the problem connected with any other commodity. I might say, however, that cotton surpluses would be sharply reduced if all the families in this Nation had sufficient buying power to buy mattresses and sheets and things like that which most of us regard as necessities.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. BROWN of Georgia. The gentleman realizes they are making these loans on 30 or 40 commodities. The testimony shows that the Government has not lost a dime on cotton in the past 2 years. The testimony further shows that the Chairman of the Board said that as long as you limit the loans to 50 or 60 percent of parity he does not believe you will lose a dime on cotton.

Mr. VOORHIS of California. Well, I hope the gentleman did not understand me to be critical of that program. I am not at all. I have simply been trying to interject some consideration of more basic matters.

Mr. BROWN of Georgia. But the lady from Illinois brought up that subject. I wanted to assure her there has been no loss on cotton in the past 2 years.

Mr. VOORHIS of California. There is one more thing I want to say about agriculture and national defense. It is the sort of thing to which we are giving entirely too little thought. The more people any nation has who can say to themselves that they own a small piece of their native land, the stronger that nation will be. Conversely, to the extent that numbers of our people are forced off their land onto the road or pushed back into the group of tenants, we are weakened to that extent—at least in spirit. And the spirit of our people, believe me, gentlemen, is important. Do you know that we have in excess of \$1,000,000,000 lying idle in our Treasury which could be used with perfect safety for making loans to enable tenants and former farm owners, who are now migrant laborers, to become owners? I have introduced a bill that would make that possible; and may I say that it would be well if some legislation of that kind could receive some earnest consideration—yes; right now. For, after all, the defense of our country in the last analysis is in the hearts of its people.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to revise and extend the remarks I made today.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. GILCHRIST. Mr. Chairman, in connection with the remarks I made today I ask unanimous consent to include an editorial.

The CHAIRMAN. The Chair informs the gentleman from Iowa that he will have to obtain that permission in the House. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the act approved March 8, 1938 (52 Stat. 107), as amended by the act approved March 4, 1939 (53 Stat. 510), be amended as follows: In section 4, delete the figure "\$900,000,000" and insert in lieu thereof the figure "\$1,400,000,000".

Mr. SCHAFER of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER of Wisconsin: Page 1, line 7, strike out "\$1,400,000,000" and insert "\$1,000,000,000."

Mr. SCHAFER of Wisconsin. Mr. Chairman, our national debt is increasing at a very rapid and dangerous rate. Any thinking person who studies government and the history of the governments of the world will realize that the real danger to our common country at this very hour lies within and not without. Every country which has had a dictatorship supplant its previous form of government has carried on a spending spree on borrowed public money as has the New Deal in the United States for 7 long years.

Mr. Chairman, here we have a bill to increase our national debt \$500,000,000 for so-called cotton and corn relief. In a few days we expect to consider a bill which requires Uncle Sam to borrow and spend another \$500,000,000 from our almost bankrupt Federal Treasury. This latter bill will hand \$500,000,000 to South American dictator countries which now owe our private American investors more than \$2,000,000,000 and are now in default in principal and interest payments on most of this debt.

Mr. Chairman, we will be asked to hand these South American dictatorships \$500,000,000 so that they can produce more of the very products which are produced in America and for which the \$500,000,000 in the pending bill is to be expended.

Mr. Chairman, with reference to cotton, we know that since the New Deal has had control of our Federal Government the export market for United States cotton has decreased millions of bales per year. At the same time South America, particularly Brazil, has increased its cotton exports many times. Now Mr. Hull, the New Deal Secretary of State, comes along and asks that we raid our almost bankrupt Federal Treasury and hand half a billion dollars to South American dictatorships in order that they can produce more cotton, corn, and other agricultural products which compete with the products of our country.

Mr. Chairman, should we continue these New Deal expenditures and American sell-out policies much longer, Uncle Sam will be plunged into bankruptcy and inflation, which will bring our people misery, distress, suffering, despair, and chaos such as we have never known.

Mr. Chairman, instead of having the Federal Government borrow half a billion dollars to subsidize foreign competitors and another half a billion under the pending bill for the relief of those producing the very same commodities in the United States, we should levy a substantial tariff tax on all competitive foreign imports in order to increase tax revenues and decrease tax burdens of our own people. Charity begins at home. In the interest of our country and our countrymen, our New Deal brethren should stop borrowing billions of dollars with which to play Santa Claus to foreign countries and foreign people, as they have been doing for 7 long years. [Applause.]

Mr. RICH. Mr. Chairman, I rise in support of the amendment.

The CHAIRMAN. The gentleman moves to strike out the last word.

Mr. RICH. I will strike out the last word, Mr. Chairman. I think that the amendment is probably a very wise amendment to have incorporated into this particular bill now under discussion.

This bill carries with it as it now stands \$500,000,000. The amendment offered by the gentleman from Wisconsin would cut it down to \$100,000,000. Even if we appropriate the \$100,000,000, I ask the Members on the Democratic side of the House: Where are you going to get the money? I have been asking you that for 6 years and you have not found the answer. You never can and you never will be able to. It will take a wise Congress to do so.

Yesterday you appropriated \$4,800,000,000 in cash and authorizations when there was less than a majority of the Members present on the floor. About 100 Members are present on the floor this afternoon, and today it is \$500,000,000 more. Let me show you just what we have appropriated during this session of Congress.

We have appropriated over \$12,799,602,760. Here is the list of appropriations:

Regular annual appropriations, 76th Cong., 3d sess.

Agriculture and farm credit	\$918,603,918.00
Independent offices	1,120,243,528.00
State	\$20,125,500
Commerce	33,908,500
Justice	41,323,000
Judiciary	11,792,000
	107,149,000.00
Treasury	218,752,033
Post Office	814,049,062
	1,032,801,095.00
Navy	1,308,171,138.00
Interior	135,383,330.05
District of Columbia	48,765,080.00
Civil functions	222,718,717.00
Military	1,499,323,322.00
Legislative	23,671,220.00
Labor	\$32,714,390
Federal Security	857,143,400
Other	133,424,900
	1,023,282,690.00
Emergency supplemental	252,340,776.00
Urgent deficiency	57,541,300.00
First deficiency	92,035,408.52
Second deficiency	85,891,777.23
Emergency relief	1,157,711,357.00
First supplemental national defense	1,479,777,147.00
Second supplemental national defense (passed House)	2,234,191,957.00
Total	12,799,602,760.80

The President's estimate of the income for the year 1941 was \$5,600,000,000. You brought in a tax bill several weeks ago to raise \$1,007,000,000. I say to you that you should bring in two or three more tax bills such as that, because it is going to be necessary at least to keep the deficit down next year to where it is this year. I have insisted on new taxes or less spending for 7 years, because with the appropriations you have made compared with the small revenue you will receive, you will be in the red next year \$6,192,602,760.

That is not the nigger in the woodpile, large as that deficit is. The nigger in the woodpile lies in the authorizations you have made this session, authorizations so large in amount they will stagger the next Congress to meet when it comes into session. There is the nigger in the woodpile. It will stagger the imagination of the greatest financiers in America to face the deficit you have made and the obligations you have created. You have been in the red every year since the New Deal came to town from one and one-half billions to four and one-half billions annually. A shame, a disgrace. In the next session of Congress it will require men who have the greatest possible business heads on them, men who are the greatest possible executives of all time, to master the situation which you have gotten America into. America is facing a terrible catastrophe. Notwithstanding the fact that the statement has been made that we are in a national emergency, I have been unable to find any one who can explain to me what this great national emergency is, except fear. Fear is the great national emergency that confronts us. What is the fear of? It is the fear of somebody in a foreign country coming over to this country and attacking us.

Mr. Chairman, I believe in preparedness but if we are going to have preparedness we want to have preparedness not only to take care of the enemies that might approach our shore but we must have preparation to take care of our economic situation and the great debt that you have created in the last 8 years. With the authorizations that have been made during this session of Congress it is going to take the ingenuity and the business ability of the best brains this country can afford to get us over the period which we now face.

Mr. EBERHARTER. Will the gentleman yield?

Mr. RICH. I yield for a question.

Mr. EBERHARTER. Did the distinguished gentleman from Pennsylvania on yesterday speak against the appropriation bill which was being considered at that time or did he vote against it?

Mr. RICH. Well, I will tell the gentleman, there were not enough red-blooded Members of Congress to stand up here and say that we should not give that much money to the

White House to spend at this time. We are for preparedness but not for dictatorship. I am afraid that bill may lead to it.

Mr. EBERHARTER. The gentleman himself evidently did not have the guts to vote against the bill or to speak against the bill.

Mr. RICH. The gentleman did not have enough red blood in his veins to come here and speak against it and there was not anybody else, but I suppose the gentleman is satisfied with his votes for New Deal spending, but when it comes to national defense, we ought to defend America. But we should not have permitted the terrible squandering of funds unnecessary in Government operation. We could and should have cut down our expenses greatly. Our children will stagger with our national debt. It is a millstone around their neck, a burden they may not be able to bear. I am and have been for economy in Government operation for unnecessary functions established and bureaus set up. [Applause.]

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in view of what has been said in reference to the operations of the Commodity Credit Corporation under present management, I think it is only fair to call attention to the fact that after investigation by a Senate committee it was ascertained that the losses in a 2-year period under the Board that conducted similar operations with a limited number of commodities during the Hoover administration amounted to \$345,000,000 of the \$500,000,000 authorized, or about 69 percent of the loans made.

For the past 6 years of operations of the Commodity Credit Corporation there have been losses of only \$25,000,000, and, as has been pointed out by my colleague from Georgia, those losses in the past 2 years did not arise by reason of any transactions in connection with cotton crops.

In order that the House may understand what it is going to vote on, may I say that the pending amendment would reduce the authorization in the present bill from \$500,000,000 to \$100,000,000. The effect would be to destroy the purpose of the bill and to nullify the efforts of the Corporation to support the orderly marketing of the crops of 1940. The sums that will be required, according to estimate, amount to \$150,000,000 for cotton, \$150,000,000 for corn, and \$90,000,000 for wheat, \$40,000,000 for tobacco, and \$60,000,000 for other crops. It is manifest and indisputable that to limit the fund to \$100,000,000 as against such demands would certainly tie the hands of the corporation and defeat the purpose of the bill.

Mr. SMITH of Ohio. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, during the hearings on this bill before the Banking and Currency Committee a question was raised about a statement I made on the floor some time ago with reference to a loss by the Commodity Credit Corporation. It appears that the gentleman from Missouri [Mr. WILLIAMS], one of the members of the committee, asked a question of Mr. Robbins, president of the Commodity Credit Corporation, whether my statement that \$186,000,000 was lost by the Commodity Credit Corporation was correct. He stated he spoke from memory in mentioning that amount. The figure I gave, as a matter of fact, was \$180,965,315.

Mr. Robbins' answer indicated my figures were wrong.

The statement I made on the 31st of May and referred to by the gentleman from Missouri [Mr. WILLIAMS] was that the Treasury of the United States had reported that loss and I gave it as my authority at that time. I wish now to repeat that statement and to state again my authority for the same. It was taken from Document No. 172, Part 1, Financial Statement of Certain Government Agencies by the Secretary of the Treasury of the United States, in response to Senate resolution No. 150. On page 30 of this document, under table 25, appear the figures which show a loss by the Commodity Credit Corporation as of June 30, 1939, of \$180,965,315.

Regarding this bill, this is, as I understand, the second or third time the amount, which the Commodity Credit Corporation may lend, has been raised. As long as the present

regime continues the amount will be continuously raised, nothing stopping this process but bankruptcy of the Treasury.

The increased authorization for more millions by the Commodity Credit Corporation is merely a part of the general policy now in operation with respect to all the other lending agencies.

Soon we will be confronted with another request to authorize an increase in the lending capacity of the Export-Import Bank of Washington to \$500,000,000. This is to be used as a nucleus for more and greater appropriations to embark our Nation upon another wild and devastating program, a cartel which is to be formed to buy up all the surpluses of Argentina, Brazil, and all the other South American countries to keep them from trading with certain European nations. Apparently this cartel idea is to be operated in conjunction with our armed forces.

Much praise is being showered by newspaper editors and others on our State Department for its success in the recent Habana conference. On the surface, it no doubt appears to many that much was accomplished there in bringing the Latin American countries in line with a common defense policy, and probably also with a trading policy that will protect our Nation from undue competition with certain European nations.

However, the people should go a little slow here. It is too early to tell just what was accomplished at Habana. Just how much was each one of the delegates from the other countries influenced by the \$500,000,000 that was dangled before their eyes? What part did that play in the final result? Here is something to think about. Anyone familiar with the history of our financial, diplomatic, and military relations with South America well knows it is most probable this \$500,000,000 loan proposal to the Latin American countries played an important role in making the Habana agreement possible.

What would happen with that pact should Congress refuse to authorize this \$500,000,000 loan?

God alone knows where all this is leading us. Now, when we are in need of strengthening our armed defenses, as well as our internal conditions, when we should be conserving to the utmost all our resources, and especially when we should be bending every effort to strengthen our first line of defense, the financial condition of our Government, we are engaging in just the opposite.

Anyway, this is not really helping the farmers. A bankrupt Treasury will wreck the farmers the same as all other groups. Certainly they realize this. [Applause.]

[Here the gavel fell.]

Miss SUMNER of Illinois. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, it has been said that all a woman has is her good name. I assume that a good reputation for accuracy is important to those who are in Congress, because Members are so often expected to take what is said on faith. The statement I made which was questioned was that there had not been much loss on commodities other than cotton. That statement is substantiated by the testimony given in the hearings as set out on page 10 in answer to a question by the gentleman from Missouri [Mr. WILLIAMS] a member of the committee, as follows:

Question:

What I had in mind was where has been the loss? Has it been on any particular article or is it general?

And Mr. Robbins, who is the head of the Commodity Credit Corporation, replied:

The loss of the less-than-\$25,000,000 that has been incurred to date has been principally on cotton, because that crop came under loan in larger volume as a consequence of its great loss of export outlets.

Those of you who are interested in corn, and by that I mean corn as a commodity grown in your community, will also be interested in the testimony on page 44, in which Mr. Robbins discussed the fact that the reason we have had a surplus on the corn market is that recently we have had three bumper

crops in succession, which is unusual. The witness made the following comment:

Even though we should have, let us say, 450,000,000 bushels of corn under loan and 90,000,000 owned, as at the present time, plus whatever free stock might be on hand at the beginning of the next marketing season, the total would be probably less than one-third of a normal corn crop, so that if a drought should occur—

And you from corn-farming districts know that a drought is at present occurring—

that would reduce yields by a very large amount. All of the corn in the free supply, all that we own, and all that is under loan would be needed as feed for stock.

I draw your attention to this fact for this one reason. I feel that in our part of the country—I know nothing about the cotton situation, personally—these corn loans can be used as a material factor to prevent depressions, for this reason. Our trouble is to get money down into the bottom of the well, in the rural communities. We can do that only at the time the crops are marketed. For instance, from 1932 to 1935 hardly anybody where I lived marketed his corn crop who could avoid selling, and consequently there was little money pump-primed in a natural way down to our communities. Those corn loans have been effective in bringing money down into our communities regularly each year, and I believe that if some steps can be taken to take care of the cotton-surplus problem and the problems where the supply is greater than it should be, this corn-loan plan is a possibility that we should consider, since it creates a healthier economy. We as Republicans have never been loath to consider and study all New Deal proposals, even when they have been suggested by certain new dealers in whose judgment we have learned to feel little confidence.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. If we do not solve the cotton problem by finding an additional export market or reopening a market, the Commodity Credit Corporation will lose between \$300,000,000 and \$400,000,000 on the cotton they hold.

Miss SUMNER of Illinois. In that connection, since the South American question has been brought up today a little prematurely, may I say that I was doing some studying on the South American surplus-commodity problem last week, and I received a rough estimate from a reputable authority whose name I shall not mention because I have not requested permission to use his name. This authority estimated that if we took over the surpluses of South America as they are today, without making any allowances for the surpluses there might be if the South Americans attempted to raise without any crop control—and we would, of course, have nobody to police them—in the next 10 years we would be into a \$20,000,000,000 program. Goodness knows what it would cost us if they were tempted to increase their production as such a guaranty of surplus disposal would tempt them to do.

Mr. CRAWFORD. Mr. Chairman, will the gentlewoman yield?

Miss SUMNER of Illinois. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Going to the question of cotton and corn, corn is not an export crop as is cotton. A plan of this kind can work quite effectively on corn without piling up these potentialities.

Miss SUMNER of Illinois. That is right.

Mr. CRAWFORD. But in the case of cotton, we are surrendering the world market to other cotton-producing areas and thereby putting our cotton operators in the South out of a job, or driving them into competition with northern agriculture. In my opinion, therein is the danger. We are making a jacket for both cotton and corn crops which, I believe, is proving to be absolutely unsound.

Miss SUMNER of Illinois. In studying South American conditions, I was particularly impressed with the figures,

which I do not have at my fingertips at the moment, showing their recent increase in cotton production. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I have taken this time because the House, when it adjourns today, will probably adjourn over until Monday. Under this particular bill, the Commodity Credit Corporation bill which has to do with our surplus crops, there is a question I want to propose to the Members of Congress on both sides, and ask their consideration of it. There is probably no man in the House who is more opposed than I to intermeddling in the affairs of foreign nations and being involved in the European war situation. There is probably no Member of the House who is more of an isolationist from foreign wars than I. But that does not mean that I am an isolationist from either peace, good will, or humanitarian efforts.

It seems to me that the United States owes a great moral duty toward suffering humanity and has a great moral obligation to the world. We are all thankful because we have been able to keep out of the war, but that does not mean that we are fulfilling our moral obligations to the world. In the next 6 months or in the next year millions of people in Europe, men, women, and children, but particularly women and children, may die of starvation. We have an enormous surplus in wheat, in corn, in hogs, and in cotton. We have been destroying a potential surplus for years, paying the farmers a billion dollars to plow under and destroy our crops and kill off our pigs. It seems to me in this war tragedy that has covered Europe that we, more than any other nation, have a moral duty and obligation to provide relief to the starving and stricken people of Europe. Probably we are the only Nation in the world that can easily feed the starving people of Poland, Norway, Denmark, Holland, Belgium, and France. Of course, we must first see that our own people are fed first, but we should take the rest of the surplus and for the time being, not lend it to these war-ravaged foreign nations and to these starving people in Europe, but give to them and not even ask for any thanks. We may not even get any thanks in return, but, nevertheless, instead of plowing under or destroying these crops and instead of hiding them away in storehouses, if these war-stricken foreign nations are unable to buy them we should give our surplus foodstuffs to them without thought of recompense in the name of humanity and from one Christian nation to another to save these war victims—women and children from starving to death. I think every Member of Congress would be glad to consider any sound and constructive program that would enable us to give our surplus corn, wheat, hogs, and beef to the starving children of Europe, and that is what I am asking the Members of Congress to consider regardless of partisanship, because such action will be necessary in the near future. It may come within the next 30 or 60 days when we will be asked to decide that question, and I know in advance what my answer will be.

I would give every pound of pork and beef and every bushel of surplus wheat and corn to these starving women and children who, through no fault of their own, may not be able to live through another winter in Europe. That is our obligation toward the people of war-ridden Europe and that is the American way. That is also the humanitarian way and I believe when Congress is called upon to act it will respond as it did in the Belgian relief, back in 1915, and if it responds in that manner, not one pound of our foodstuffs will go to the German Army, but will all go to help save the lives of millions of Polish, Norwegian, Danish, Dutch, Belgian, and French children.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. MARCANTONIO. I want to take this occasion to point out a more serious need which exists in one of our island possessions right at this moment. Puerto Rico has

a population of 1,800,000 people and the Associated Press reports today that 100,000 people have been stricken with influenza down there, and of the first 52,000 cases 144 deaths have taken place. This means one person out of every 18 in Puerto Rico has now been stricken with influenza and is subject to a possible case of pneumonia. I submit that is a hardship and a casualty to which the Congress should give its immediate attention and all agencies of the Government should send all of the help that is necessary to relieve the suffering of these people down in Puerto Rico at this time.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I ask unanimous consent to proceed for 3 minutes.

Mr. EBERHARTER. Mr. Chairman, reserving the right to object, we have another important bill coming up at this time and the Members are desirous of getting away and therefore I feel constrained to object at this time, for the additional reason that this is not pertinent to the bill under consideration.

Mr. FISH. It is very pertinent but I shall discuss it later on.

The CHAIRMAN. Objection is heard.

The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER of Wisconsin. Mr. Chairman, may we have the pending amendment again reported?

The Clerk again read the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. SCHAFER of Wisconsin) there were—ayes 51, noes 79.

So the amendment was rejected.

Mr. ZIMMERMAN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ZIMMERMAN: At the end of line 7, strike out the period and insert a semicolon and add the following: "Provided, That to obtain a loan on cotton, producer must furnish a certificate of grade and staple signed by a licensed classer whose license is issued by the United States Department of Agriculture."

Mr. STEAGALL. Mr. Chairman, I make the point of order against the amendment that it is not germane to the bill.

The CHAIRMAN. Does the gentleman from Missouri wish to be heard on the point of order?

Mr. ZIMMERMAN. I have no statement to make on the point of order, Mr. Chairman.

The CHAIRMAN (Mr. BARDEN of North Carolina). The Chair is ready to rule.

The bill now under consideration seeks to amend section 4, which deals with the amount only. The amendment offered by the gentleman from Missouri seeks to add a proposition which might be germane to the original act but which seems to the Chair not to be related to the section of the act here sought to be amended by the pending bill. The Chair is therefore of the opinion that the amendment is not germane to the bill now being considered by the Committee, and therefore sustains the point of order of the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman, I move the Committee do now rise and report the bill back to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BARDEN of North Carolina, chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill S. 3998, and had directed him to report the same back to the House with the recommendation that it do pass.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question now is on the passage of the bill.

Mr. STEAGALL. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. As many as are in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Twenty-one Members have risen, not a sufficient number.

Mr. STEAGALL. Mr. Speaker, I demand a division.

The House divided; and there were—ayes 115, noes 37.

Mr. RICH. Mr. Speaker, I object to the vote on the ground there is no quorum present, and I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Pennsylvania makes the point of order that there is no quorum present. Evidently there is no quorum present. This is an automatic call. The Doorkeeper will close the doors, the Sergeant at Arms will notify absentees, and the Clerk will call the roll.

The question was taken; and there were—yeas 247, nays 106, not voting 79, as follows:

[Roll No. 173]
YEAS—247

Alexander	Dickstein	Keller	Pfeifer
Allen, Ill.	Dirksen	Kelly	Pierce
Allen, La.	Disney	Kennedy, Martin	Poage
Allen, Pa.	Doughton	Kennedy, Michael	Polk
Andersen, H. Carl	Doxey	Keogh	Rabaut
Anderson, Calif.	Duncan	Kerr	Ramspeck
Anderson, Mo.	Dunn	Kilday	Randolph
Andresen, A. H.	Durham	Kitchens	Rankin
Arends	Eberharter	Kleberg	Rayburn
Arnold	Edelstein	Knutson	Rees, Kans.
Barden, N. C.	Edmiston	Kocialkowski	Richards
Barnes	Elliott	Kramer	Robertson
Barry	Ellis	Landis	Robinson, Utah
Beckworth	Faddis	Lanham	Rogers, Okla.
Bell	Fay	Lea	Romjue
Bland	Ferguson	Leavy	Ryan
Boehne	Flaherty	LeCompte	Sabath
Boland	Flannagan	Lemke	Sacks
Bolles	Ford, Miss.	Lesinski	Sasser
Boren	Ford, Thomas F.	Lewis, Colo.	Schuetz
Boykin	Fries	Ludlow	Schulte
Brooks	Fulmer	Lynch	Schwert
Brown, Ga.	Garrett	McAndrews	Scrugham
Bryson	Gathings	McArdle	Secret
Buck	Gavagan	McCormack	Shanley
Buckler, Minn.	Gearhart	McGehee	Sheppard
Buckley, N. Y.	Gehrmann	McGranery	Smith, Conn.
Bulwinkle	Geyer, Calif.	McKeough	Smith, Va.
Burch	Gibbs	McLaughlin	Smith, Wash.
Burdick	Gilchrist	McMillan, Clara	Snyder
Burgin	Gore	McMillan, John L.	Somers, N. Y.
Byrns, Tenn.	Gossett	Maclejewski	South
Byron	Grant, Ala.	Mahon	Sparkman
Cannon, Fla.	Green	Maloney	Starnes, Ala.
Cannon, Mo.	Gregory	Mansfield	Steagall
Carlson	Griffith	Marcantonio	Stefan
Cartwright	Guyer, Kans.	Martin, Ill.	Sumner, Ill.
Case, S. Dak.	Gwynne	Martin, Iowa	Summers, Tex.
Casey, Mass.	Hare	Massingale	Sutphin
Chapfield	Harrington	May	Sweeney
Church	Hart	Mills, Ark.	Sweet
Claypool	Harter, Ohio	Mills, La.	Talle
Cochran	Havener	Monroney	Tarver
Coffee, Nebr.	Healey	Moser	Taylor
Coffee, Wash.	Hendricks	Mott	Tenerowicz
Cole, Md.	Hennings	Mouton	Terry
Collins	Hill	Mundt	Thomas, Tex.
Colmer	Hobbs	Murdock, Ariz.	Thomason
Connery	Hope	Murdock, Utah	Thorkelson
Cooley	Houston	Murray	Tolan
Cooper	Hull	Myers	Vinson, Ga.
Costello	Hunter	Nelson	Voorhis, Calif.
Cox	Izac	Nichols	Wailgren
Cravens	Jarman	Norrell	Walter
Crosser	Jensen	O'Connor	Ward
Crowe	Johnson, Ill.	O'Neal	Warren
Cummings	Johnson, Luther A.	Pace	Weaver
Curtis	Johnson, Okla.	Parsons	West
D'Alesandro	Johnson, W. Va.	Patman	Whelchel
Davis	Jones, Tex.	Patton	Wolverton, N. J.
Dempsey	Keefe	Pearson	Zimmerman
DeRouen	Kefauver	Peterson, Fla.	

NAYS—106

Angell	Bolton	Clevenger	Culkin
Austin	Bradley, Mich.	Cluett	Ditter
Barton, N. Y.	Brewster	Corbett	Dondero
Bates, Mass.	Brown, Ohio	Crawford	Dworshak
Bender	Clason	Crowther	Eaton

Elston	Horton	Monkiewicz	Short
Engel	Jarrett	O'Brien	Simpson
Fenton	Jeffries	Oliver	Smith, Maine
Ford, Leland M.	Jenkins, Ohio	Osmers	Smith, Ohio
Gamble	Johns	Pittenger	Springer
Gartner	Johnson, Ind.	Plumley	Stearns, N. H.
Gerlach	Jones, Ohio	Powers	Thill
Gifford	Jonkman	Reed, Ill.	Tibbott
Gillie	Kean	Reed, N. Y.	Tinkham
Graham	Kinzer	Rich	Treadway
Grant, Ind.	Kunkel	Robison, Ky.	Van Zandt
Gross	Lambertson	Rockefeller	Vorys, Ohio
Hall, Leonard W.	Lewis, Ohio	Rodgers, Pa.	Wadsworth
Halleck	Luce	Rogers, Mass.	Wigglesworth
Hancock	McDowell	Routzohn	Williams, Del.
Harness	McGregor	Rutherford	Winter
Harter, N. Y.	McLeod	Sandager	Wolcott
Hartley	Maas	Schafer, Wis.	Wolfenden, Pa.
Hawks	Marshall	Schiffier	Woodruff, Mich.
Hess	Martin, Mass.	Seccombe	Youngdahl
Hinshaw	Michener	Seger	
Hoffman	Miller	Shafer, Mich.	

NOT VOTING—78

Andrews	Delaney	Kee	Shannon
Ball	Dies	Kennedy, Md.	Sheridan
Bates, Ky.	Dingell	Kilburn	Smith, Ill.
Beam	Douglas	Kirwan	Smith, W. Va.
Blackney	Drewry	Larrabee	Spence
Bloom	Englebright	McLean	Sullivan
Bradley, Pa.	Evans	Magnuson	Taber
Byrne, N. Y.	Fernandez	Mason	Thomas, N. J.
Caldwell	Fish	Merritt	Vincent, Ky.
Camp	Fitzpatrick	Mitchell	Vreeland
Carter	Flannery	Norton	Weich
Celler	Folger	O'Day	Wheat
Chapman	Goodwin	O'Leary	White, Idaho
Clark	Hall, Edwin A.	O'Toole	White, Ohio
Cole, N. Y.	Holmes	Patrick	Whittington
Courtney	Hook	Peterson, Ga.	Williams, Mo.
Creal	Jacobsen	Reece, Tenn.	Wood
Cullen	Jenks, N. H.	Risk	Woodrum, Va.
Darden, Va.	Jennings	Satterfield	
Darrow	Johnson, Lyndon	Schaefer, Ill.	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Whittington (for) with Mr. Kilburn (against).
Mr. Camp (for) with Mr. Reece of Tennessee (against).
Mr. Hook (for) with Mr. Douglas (against).
Mr. Cullen (for) with Mr. Jennings (against).
Mr. O'Leary (for) with Mr. Mason (against).
Mr. Bates of Kentucky (for) with Mr. Holmes (against).
Mr. Bloom (for) with Mr. Jenks of New Hampshire (against).
Mr. Wood (for) with Mr. Vreeland (against).
Mr. Courtney (for) with Mr. Thomas of New Jersey (against).
Mr. Dies (for) with Mr. White of Ohio (against).
Mr. Magnuson (for) with Mr. Cole of New York (against).

General pairs:

Mr. Beam with Mr. McLean.
Mr. Darden of Virginia with Mr. Carter.
Mr. Clark with Mr. Goodwin.
Mr. Folger with Mr. Darrow.
Mr. Byrne of New York with Mr. Blackney.
Mr. Peterson of Georgia with Mr. Fish.
Mr. Drewry with Mr. Andrews.
Mr. Williams of Missouri with Mr. Risk.
Mr. Satterfield with Mr. Welch.
Mr. Schaefer of Illinois with Mr. Englebright.
Mr. Sullivan with Mr. Ball.
Mr. Woodrum of Virginia with Mr. Taber.
Mr. Celler with Mr. Fernandez.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the bill was passed was laid on the table.

The bill H. R. 9931, a similar House bill, was laid on the table, and the rule providing for the consideration of the bill was laid on the table.

ELECTION TO COMMITTEES

Mr. MARTIN of Massachusetts. Mr. Speaker, I offer the following resolution and ask for its immediate adoption.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 560

Resolved, That MARGARET CHASE SMITH, of Maine, be, and she is hereby, elected to the following committees of the House of Representatives: Committee on Invalid Pensions, Committee on Election of the President, Vice President, and Representatives in Congress, Committee on War Claims, and Committee on Revision of the Laws.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include an editorial.

The SPEAKER. Is there objection?

There was no objection.

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my own remarks and include two editorials from the Gaelic American of New York City on the subjects of the national anthem and war-mongering financiers.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURDOCK of Utah. Mr. Speaker, I ask unanimous consent to extend my remarks and to include a brief letter from a constituent.

The SPEAKER. Is there objection?

There was no objection.

Mr. FLAHERTY. Mr. Speaker, I ask unanimous consent to extend my remarks and include an editorial from the Boston Post on the Conscription Act.

The SPEAKER. Is there objection?

There was no objection.

Mr. GILCHRIST. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made this afternoon, and in connection therewith insert an editorial recently published in Iowa.

The SPEAKER. Is there objection?

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my remarks to include a statement by Dr. Francis Townsend.

The SPEAKER. Is there objection?

There was no objection.

Mr. THORKELOSON. Mr. Speaker, I ask unanimous consent to extend my remarks and include an address by Mr. Louw, of the South African Assembly, on the aliens amendment and immigration bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. THORKELOSON. Mr. Speaker, this will exceed the two and a half pages, and I have an estimate from the Public Printer. I ask unanimous consent that it be inserted notwithstanding.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include quotations from an article in the New York Journal of Commerce.

The SPEAKER. Is there objection?

There was no objection.

By unanimous consent, Mr. WOODRUFF of Michigan was granted permission to revise and extend his own remarks.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein two newspaper articles.

The SPEAKER. Is there objection?

There was no objection.

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent to extend my remarks and insert therein an article by Mr. Emil E. Holmes, national deputy chief of staff, Disabled American Veterans of the World War, and also a part of my bill known as H. R. 10113.

The SPEAKER. Is there objection?

There was no objection.

Mr. GEYER of California. Mr. Speaker, I ask unanimous consent to extend my remarks and include a communication from the United States Medical Service.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks and include an article relative to highways by Robert E. Harper.

The SPEAKER. Is there objection?

There was no objection.

Mr. HART. Mr. Speaker, I ask unanimous consent to extend my remarks by including correspondence between the chairman of the American Youth Congress and myself.

The SPEAKER. Is there objection?

There was no objection.

INVESTMENT COMPANY ACT OF 1940 AND INVESTMENT ADVISERS ACT OF 1940

Mr. COLE of Maryland. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10065) to provide for the registration and regulation of investment companies and investment advisers, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10065, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. COLE of Maryland. Mr. Chairman, I understand that under the unanimous consent granted yesterday the gentleman from New Jersey [Mr. WOLVERTON] controls one-half of the time—one hour and a half—and I will have control of one hour and a half.

The CHAIRMAN. The gentleman is correct.

Mr. COLE of Maryland. Mr. Chairman, I yield myself 10 minutes. There are not many requests for time to discuss this bill for the regulation of investment companies. I think it can safely be said at this time that the entire 3 hours allotted for debate will not be consumed.

The bill comes to the committee with the unanimous approval of the House Committee on Interstate and Foreign Commerce. The bill has been approved unanimously, I believe, by the Committee on Banking and Currency of the Senate. After hearings before the Rules Committee of the House, the bill was approved by that committee and a rule was granted. Yesterday, by unanimous consent, the rule was dispensed with and made unnecessary, and the bill is now brought up in this fashion.

Mr. Chairman, this bill, as the Members will easily appreciate, is highly complicated and is a very important measure. This bill, I firmly believe, will not only restore the confidence of the small investor in investment companies but will perform the vital function of stimulating the flow of capital into industry, particularly those industries indispensable to the national defense.

The bill provides for the registration and regulation of investment trusts and investment companies and of investment advisers. The bill is the result of a most comprehensive study and investigation of those organizations, made by the Securities and Exchange Commission, pursuant to provisions contained in section 30 of the Public Utility Holding Act of 1935.

Many Members will remember that during the days of 1935 when the holding-company bill was passed—a bill which bore the name of the distinguished majority leader of this House—in connection with the consideration of that measure it was my pleasure to participate to some extent as a member of the committee in the deliberations of the committee and on the floor. The House at that time did not see fit to legislate at all with respect to investment trusts. In the Senate the Holding Company Act was amended to include a direction that an investigation of investment companies be made by the Securities and Exchange Commission. That amendment was agreed to in conference.

Section 30 of the Utility Holding Company Act of 1935 provides as follows:

The Commission—

Speaking of the Securities and Exchange Commission—

is authorized and directed to make a study of the functions and activities of investment trusts and investment companies, the corporate structures, and investment policies of such trusts and companies, the influence exerted by such trusts and companies upon

companies in which they are interested, and the influence exerted by interests affiliated with the management of such trusts and companies upon their investment policies, and to report the results of its studies and its recommendations to the Congress on or before January 4, 1937.

The study of the Commission disclosed that the problems of these organizations were far more extensive than the Congress or the Commission anticipated at that time, with the result that the report was not completed and filed until a considerable time after January 1937.

The Commission, in the course of its survey, studied every investment trust and investment company of substantial size. The Commission has submitted to the Congress reports aggregating approximately 6,000 pages, which cover in detail every phase of the functions and activities of these organizations and their deficiencies and abuses. Based on this survey and reports, a bill was introduced in the Senate (S. 3580) and a companion bill (H. R. 8935) was introduced in the House on March 14, 1940, by the distinguished gentleman from California [Mr. LEA].

Extensive hearings lasting for a period of 4 weeks were held on the bill by the Senate Subcommittee on Banking and Currency. At these hearings various members of the Commission and their experts, and various representatives of the investment-trust industry testified in detail with respect to the provisions of this bill.

The bill represents the result of intensive effort for a period of some 5 weeks by representatives of the industry and of the Commission. Not merely the principles of this bill, but also its provisions as drafted, are strongly endorsed both by the Securities and Exchange Commission and by the greatest part of the investment-trust industry. Thus the bill, as introduced and reported, has the distinction of having the virtually unanimous support of the persons for whose regulation it provides, as well as of the regulatory agency by which it is to be administered. Representatives of the industry urged upon the committee that the present international situation should not only not be a deterrent to the enactment of this legislation but should rather serve as a vital reason for its immediate passage. As was stated by Alfred Jaretzki, Jr., of Sullivan & Cromwell, counsel to a substantial portion of the investment-company industry:

We feel that this bill is not only a workable bill, but is a bill which is a good thing for the industry. We would like very much to see it passed, and we hope very much that it can be passed at this session. The industry would like to feel that it has regulation behind it; that is, that we may know what the regulation is to be and that we will no longer live in uncertainty as to what the future holds for us. This is the type of regulation under which the industry feels it can work and which it feels will be very beneficial to the industry. We are hopeful that if this legislation passes it will constitute a stimulus to the investment-company industry's contributing to venture capital.

* * * the critical period that we are going through now, rather than being a reason for postponing legislation, is, in our opinion, an added reason for passing this legislation. We feel that it would be helpful not only to the industry to have this legislation passed now * * * but also * * * we feel that it is a very healthy sign that Government and industry can come together and do a constructive job of this kind.

As was stated by Arthur Bunker, of Lehman Corporation, speaking on behalf of the industry before the House Committee on Interstate and Foreign Commerce:

These principles again received the unanimous approval of the industry in the form of the bill which is now before you.

Since it has had that joint approval, we are naturally interested and accordingly we strongly urge its passage at the present session. We believe this to be a workable bill and a bill which will be beneficial to the industry. We recognize that abuses have existed in the industry and we feel that legislation is necessary to prevent their continuance and to help the better elements of the industry to raise the standards of the industry to increasingly higher levels.

* * * * *

We trust that the present national emergency should not be a deterrent to its enactment but should rather serve as an added reason for the passage of the bill.

We feel that it is a very healthy sign that the Government and industry can come together and do a constructive job of this character.

With this legislation the confidence of the public in investment companies will, we believe, be restored, and these companies will

be able to serve not only the investor but also the important function of supplying new capital to those industries vital to the national defense.

Mr. Cyril Quinn, vice president of Tri-Continental Corporation, testified before the House committee:

I would like to say that the bill now before you, in my opinion, is a good bill. It is a workable bill in that the rules under which the industry will have to operate are clear and explicit, which I think is a requirement of any proper regulatory bill. I think it is a reasonable bill in that, while it sets up certain safeguards, it still leaves the management freedom of action in meeting the responsibilities of handling funds that are entrusted to it. I think also that it will be an effective bill in that certain practices in the past which have existed are safeguarded against, and certain desirable practices which many companies are now following are now required of all companies.

Ronald H. Macdonald, vice president of National Bond & Share Corporation, and chairman of the investment company committee of the Investment Bankers Association, testified:

We believe that this bill is entirely workable as it is now drawn and we believe that the bill should be passed and hope that it will be passed.

Paul C. Cabot, of State Street Investment Corporation, testified:

The present revised bill which you have before you, I think is an excellent one, and I am heartily in favor of it.

In the past there have been a great many abuses that have been brought to your attention by the reports of the Securities and Exchange Commission.

It is my considered opinion that this bill will eliminate, or at least largely mitigate, those abuses that have been present in the past and I hope that you will act favorably upon it.

Mr. Hugh Bullock, vice president of Calvin Bullock, testified:

I approve of this bill and hope very much indeed it will become law as soon as possible.

William Tudor Gardiner, former Governor of the State of Maine, representing Incorporated Investors, Boston, Mass., testified:

The more consideration I gave to the matter, the more important it seemed to me that there should be some such legislation as this.

Essentially, the investment-company industry involves the gathering together of cash and negotiable securities for management, and that facilitates a wrongful use if management falls into unscrupulous hands; if the managers are dishonest, unscrupulous, or even selfish, there can come great harm to the stockholders.

As to the form of this legislation, I must confess that at one time it appeared to me desirable if a simpler bill could be produced, but careful study satisfied me that the task can in no way be further simplified than it has been done in this bill.

The legislation must cover a great variety of investment companies, and that is one of the reasons for the length of this bill.

As some of the questions by the chairman, Mr. COLE, this morning indicated, publicity is a great regulating force; but in the case of complex corporate structures and practices, I think it is plain that publicity is not enough.

This bill, I believe, covers the situation adequately, and without undue restriction on legitimate business.

I would like to urge upon the committee the fact that many man-hours of work have gone into this piece of legislation. It has been a great demand on the time of many representatives of this industry.

We most earnestly hope that this matter will have your prompt consideration and that the action of the Congress may be favorable, so that the industry can carry on its other work.

Merrill Griswold, chairman of Massachusetts Investors Trust and Supervised Shares, Inc., testified as follows:

I should like to assure you that this measure has the practically unanimous approval of the open-end companies, as it is now drafted. The representatives who came here from Boston and New York and Chicago made it a point at all times to inform the smaller companies in their localities of what was going on and invite their criticism and to keep them fully posted.

Henry J. Simonson, Jr., president of the National Securities and Research Corporation, which sells periodic-payment-plan certificates testified as follows:

In conclusion, I want to say in behalf of the people that I represent in the periodic payment business, that we urge very strongly the passage of this bill. We think it will bring greater protection to the investors. We think that it will be a great thing for us, and we are sponsoring it.

Judge Willis I. Norton, testifying on behalf of Investors Syndicate, which sells guaranteed face amount certificates, said:

Our company is very heartily in favor of and very heartily endorses this bill. We think it is sound legislation.

Mr. James White, partner of Scudder, Stevens & Clark, of Boston, Mass., an investment counsel firm which also sponsors three open-end investment companies testified as follows with respect to title II of this bill which deals with investment counsel organizations:

My firm is heartily in favor of this bill.

We think it is necessary and we think it is constructive both in the public interest and in our own interest, in that of our investment-counsel business, and investment-trust business.

In the present form we think this legislation provides a set of rules that we can operate under without any difficulty at all, that it will certainly discourage people going into our line of business who are not qualified to or who have any thought of using a professional status as a cloak to cover up larceny or any illegal operations.

Mr. Dwight Rose, an investment counsel representing the Investment Counsel Association of America, testified with respect to title II, as follows:

At the time of the introduction of the original bill, or shortly following, I made a trip to the west coast and back, at which time I interviewed a large number of investment counsel firms and individuals who are not members of our association. I found almost all of them in agreement on the general principle of Federal regulation and registration, some minimum regulation. * * * Also the association has been advised by many investment counsel who are not members of the association, located in various parts of the country, who get into New York at rather frequent intervals, that practically all of them would endorse this bill, although I am not officially authorized to represent them.

The Investment Counsel Association of America unqualifiedly endorses the present bill, the Investment Company Act of 1940 and Investment Advisers Act of 1940, and in view of the difficult financial problems confronting our national economy at this critical juncture, we urgently hope passage of the bill may be expedited at this session of Congress so the public may have the benefit of the bill and its provisions without further delay.

In addition, communications were received from numerous investment companies approving the proposed legislation and urging its immediate passage.

This bill therefore has the unanimous approval of virtually the entire investment company industry, the Securities and Exchange Commission and the House Committee on Interstate and Foreign Commerce and the Senate Committee on Banking and Currency.

It is my firm conviction that the bill is a most progressive and salutary piece of legislation which is designed not only to protect the investor but to encourage the flow of new capital into industry.

The extent of public interest in investment companies is indicated by the fact that the industry has total assets of over \$4,000,000,000, with approximately 2,000,000 investors throughout the country, 95 percent of whom own 100 shares or less with a value of \$500 or less. More than half of the common-stock issues registered under the Securities Exchange Act of 1933 were in investment company issues (\$2,200,000,000 of common stock of investment companies as compared with a total of \$4,000,000,000, of all common-stock offerings). It has been estimated by the Commission that investment companies have an influence or controlling interest in noninvestment companies, the total resources of perhaps \$30,000,000,000 including banks, insurance companies, aviation, and steamship companies, oil companies, chemical companies, and so forth.

The public contributed approximately \$7,000,000,000 to investment trusts and companies and sustained a capital shrinkage of about \$3,000,000,000 in the last decade. Of this loss it is estimated by the Securities and Exchange Commission that over a billion dollars was attributable to faithless management—management which was actuated by the pecuniary interest of the controlling persons rather than the interest of the investors.

This bill is designed to provide investors in all investment companies with adequate information with respect to the operation of their company; will prohibit persons convicted or enjoined in connection with securities frauds from being associated with these organizations; will insure the presence of independent members of boards of directors; will prohibit the unloading of securities by controlling persons and other insiders on their investment companies; will prevent the future pyramiding of one investment company upon another; will markedly simplify capital structures of investment companies and afford some measures of protection for senior security holders in these organizations; will tend to establish fair pricing and selling methods of investment company securities; will prohibit the issuance of stock for services and eliminate tricky management voting stocks; and will provide a more reasonable sales load on installment plans and insure these investors a more equitable interest in the fund.

The honest and respectable elements in the industry recognize that evils have existed which have cast a stigma upon the industry as a whole. For this reason these representatives have not only approved but have urged the immediate passage of this bill.

Title II of the bill deals with investment advisers—persons who, for compensation, advise individuals as to investment in securities. The provisions of this title have also been based on a study made by the Securities and Exchange Commission and have been approved by not only the investment advisers who appeared and testified before the committee, but by many other advisers. The title seeks to protect the public from frauds and misrepresentations of tipsters and touts and to safeguard the honest investment adviser against the stigma of the activities of these individuals. The bill makes fraudulent practices by investment advisers unlawful and requires investment advisers doing business by the use of the mails and the facilities of interstate commerce to register with the Commission which is empowered to deny registration to individuals convicted or enjoined by the courts for securities frauds.

The work of the Securities and Exchange Commission convinces me very definitely of the wisdom Congress shows at times in directing the various commissions, and at times the committees of Congress, to investigate important activities with which we must deal legislatively in the future. Following that long period during which the S. E. C. looked into this very difficult problem and the legislation before both Houses of Congress, it was found that many changes were advisable in the original bill; and, just as last year when the trust-indenture bill was before us the great banking industry of this country through their representatives sat around the table with the Securities and Exchange Commission and the members of your committee and worked out legislation, the same thing occurred again, and believe it or not, we worked out legislation free from any complaint or criticism, and I present to you today a bill which I think it safe to say 95 percent, if not all, of the industry affected supports.

Mr. Chairman, this great work—and I speak advisedly in applying that adjective—has been done by the Securities and Exchange Commission under the leadership of Judge Healy, a member of that Commission; Mr. David Schenker, counsel to the investment-trust study; Mr. John Hollands, of the Commission's staff; and a number of others working with them as a staff day and night, month after month, and year after year since we gave the Commission this assignment directing the investigation. The report of the Commission on the study reaches its culmination in the bill now before us. Their report to us disclosed the abuses of the past to which this industry has been subjected by many of its members whom I think the legislation before us will hereafter dispose of forever. I believe the Commission as a whole, especially the group associated so intimately and definitely with this problem, deserves the thanks of Congress and of this country for solving the problem in the way they recommended, and especially in a way that permits the industry

affected to come hand-in-hand with the administrative side of this Government recommending after thorough consideration by your committee legislation of this importance and which I think the future will show to be of very vital interest and concern to the investing public. In this connection credit, too, must be given to the representatives of the industry who collaborated in the preparation of this bill: Alfred Jaretzki, Jr., of Sullivan and Cromwell, counsel for the closed-end companies; Warren Motley, of Boston, for the open-end companies; and Paul Bartholet, an expert on investment trusts in general.

I shall not discuss the provisions of this bill in too great detail. However, I would like to briefly outline its terms. [Applause.]

ANALYSIS OF PROVISIONS OF TITLE I

Findings and declaration of policy: Section 1 of the bill contains the findings of the Congress with respect to investment companies and the declaration of policy of the bill.

Definitions and exemptions of investment companies: Investment companies within the purview of this bill are in general defined as companies which are engaged primarily in the business of investing, reinvesting, and trading in securities; and issuers which invest in or hold securities—other than securities of noninvestment company subsidiaries—having a value exceeding 40 percent of the value of their total assets. A third group of investment companies covered by the bill are companies which engage in the business of issuing so-called face-amount installment certificates. Provision is made generally to exclude from the bill companies primarily engaged, directly or through subsidiaries, in the operation of a business other than that of an investment company. In addition, the bill specifically excludes brokers, underwriters, banks, insurance companies, common or commingled trust funds administered by a bank, bank holding company affiliates subject to the supervision of the Board of Governors of the Federal Reserve System, companies subject to the Interstate Commerce Act, and those of their wholly owned subsidiaries substantially all of whose assets consist of securities of companies which themselves are subject to the Interstate Commerce Act, small-loan companies, factoring companies, companies dealing in mortgages or discount paper, holding companies subject to the Public Utility Holding Company Act of 1935, and certain other special types of companies—section 3. The bill makes provision for the exempting of employees' investment companies, and certain other persons who are not within the intent of the proposed legislation—section 6.

Classification and subclassification of investment companies: Investment companies are broadly classified into three categories—management companies, unit investment trusts, and face-amount certificate companies. Management companies are divided into two types: open-end companies—companies in which the stockholder or certificate holder has a right to compel the company to redeem his shares at their asset value; and closed-end companies—companies in which the shareholders do not have such a right. Management companies, both of the open-end and closed-end type, are further subclassified upon the basis of the extent of the diversification of their investments, into diversified companies which, speaking generally, must have at least 75 percent of their assets in diversified securities and nondiversified companies which are not required so to diversify their investments—sections 4 and 5.

Transactions by unregistered investment companies: Investment companies, unless registered as provided in the bill, are forbidden to conduct their activities through use of the mails or instrumentalities of interstate commerce. Foreign investment companies may not register as investment companies or publicly offer securities of which they are the issuer in the United States unless the Commission finds that these foreign investment companies can be effectively subjected to the same type of regulation as domestic investment companies—section 7.

Registration of, disclosure of investment policy, and size of investment companies: Provision is made for the registration

of investment companies with the Commission. In the main, the Commission may require the information required to register securities under the Securities Act of 1933 and the Securities Exchange Act of 1934. In addition, the registration statement must state the policy of the company as to items specifically enumerated in the bill and supply information with respect to the business affiliation and experience of the officers and directors of the company. Provision is made for the simplification of the registration procedure by permitting the filing of copies of registration statements already filed under the acts now administered by the Commission. No shift in the company's fundamental policies as stated in the registration statement may be made without the approval of a majority of the company's outstanding voting securities—sections 8 and 13.

To put a brake on the irresponsible formation of investment companies, no investment company organized hereafter may make a public offering of its securities unless it has or is assured of having at least \$100,000 through private subscription. The bill does not contain any limitation with respect to maximum size of investment companies, but authorizes the Commission to study and report from time to time the effect of size of investment companies both on the national economy and on the trusts themselves—section 14.

Ineligibility of certain affiliated persons and underwriters: Any person who within 10 years has been convicted of a crime or is enjoined by a court in connection with a security or financial fraud is prohibited by the bill from acting as an officer or director of any investment company or in certain other capacities. The bill recognizes, however, that even such a person may rehabilitate himself and so the Commission is authorized to exempt persons from this prohibition where it is shown that the penalty as applied to any such person would be unduly or disproportionately severe or that the conduct of such person has been such as not to make it against the public interest or protection of investors that such exception be granted—section 9.

Provisions relating to directors, officers, and certain affiliated persons: In the future no person shall serve as a director of an investment company unless elected by the holders of its outstanding voting securities, except that, in effect, vacancies not exceeding one-third of the board occurring between meetings of stockholders may be filled in any other-wise legal manner. However, with respect to existing strict trusts, where no provision is made for election of trustees, the bill does not require an affirmative election of trustees but provides a procedure for their removal by certificate holders—section 16.

The bill provides that at least 40 percent of the board of directors of an investment company shall be independent; that is, no more than 60 percent may consist of investment advisers to the company or affiliated persons of such an adviser or officers or employees of the company. Moreover, a majority of the board of directors of an investment company must be composed of persons who are not regular brokers for the company or principal underwriters of its securities, or investment bankers, or in each case persons affiliated with them. An exception is made to take care of certain types of investment companies which are closely affiliated with investment advisers and which are designed primarily to make available this medium of diversification of investment to the smaller customers of these advisers. This exception is carefully safeguarded by specific conditions. Hereafter the majority of the board of directors of an investment company may not consist of persons who are officers or directors of any one bank, except that any investment company which, on March 15, 1940, shall have had a majority of its directors consisting of such persons may continue to do so—section 10.

In the future persons who are officers, directors, investment advisers, and so forth, or persons affiliated with such persons, may not, as principal, knowingly sell to or purchase from any investment company any securities or other property or borrow from any such investment company. Provision is made for certain exceptions with respect to transactions involving the company's own security issues and for transactions exempted by the Commission—section 17.

In general, agency transactions are not affected by the bill, but brokerage commissions are limited in the main to standard rates with provision for special exemptions. Provision is made that those officers and employees who have access to securities or funds of investment companies may be required to be bonded. Securities of investment companies must be placed in the custody either of banks, or with stock-exchange firms subject to supervision by the Commission as to methods of safekeeping—section 17.

Investment companies may not purchase securities underwritten by persons affiliated with the investment company, unless the investment company itself is a principal underwriter of such securities, until after the termination of the underwriting syndicate—section 10. Officers and directors of investment companies and certain other persons are not allowed to exculpate themselves from liability for any willful misfeasance, bad faith, gross negligence, or reckless disregard of their duties—section 17. The provisions of section 16 of the Securities Exchange Act of 1934 relating to transactions of officers, directors, and controlling persons which now apply to equity securities of investment companies whose securities are listed on a national securities exchange are made applicable to all securities of all registered closed-end companies—section 30. Gross misconduct or gross abuse of trust by directors, officers, investment advisers, principal underwriters, and so forth, is made a basis for injunctive proceedings in a Federal court to be instituted by the Commission—section 36. Larceny or embezzlement of property of investment companies is made a Federal crime—section 37.

Provisions with respect to certain activities of investment companies: Investment companies, generally speaking, may not trade on margin, participate in joint trading accounts, or effect short sales in portfolio securities in contravention of rules and regulations which may be prescribed. Investment companies may engage in underwriting activities if consistent with their declared investment policies—section 12. Upstream loans to investment companies, except by wholly owned subsidiaries, are prohibited—section 21.

Hereafter, an investment company or group of controlled companies may not purchase securities issued by another investment company if as a result of such acquisition such group will have more than 3 percent of the outstanding voting securities of such other investment company, or 5 percent of a specialized investment company. Investment companies, however, may increase their holdings in other investment companies of which they already hold 25 percent of the voting stock, since such holdings constitute presumptive control. A similar provision limits the acquisition by investment companies of an insurance company's stock to 10 percent, with additional exceptions relating to the organization of new insurance companies and the purchase of stock of insurance companies from other investment companies or where it is found that such acquisition is in the public interest because the financial condition of such insurance company will be improved as a result of such acquisition or any plan contemplated as a result thereof—section 12.

Cross and circular ownership as defined are prohibited in the future and existing cross and circular ownership must be eliminated within 5 years—section 20.

Although investment companies are in general prohibited from acquiring securities of persons engaged in the brokerage business or in the business of underwriting and dealing in securities, provision is made to permit investment companies, either alone or jointly with other investment companies, to purchase stock of a company engaged primarily in the business of underwriting and distributing securities and to acquire stock of a company formed to engage in the business of furnishing new capital to industry, financing promotional enterprises, and similar activities—section 12. It is hoped that investment companies will soon jointly form such a company. It is believed it should make a material contribution to national recovery.

Distribution, repurchases, and redemptions of investment company securities: No open-end company and no closed-end company may issue any of its securities except for cash or for securities—sections 22 and 23.

Publicly offered securities of all investment companies must be registered under the Securities Act of 1933, but provision is made to eliminate duplication in the material field under that act and the present bill. Circular literature intended for distribution to prospective purchasers of the securities of open-end companies, unit investment trusts, and face-amount certificate companies must be filed with the Commission—section 24.

Closed-end companies may not issue their common stock at a price below the current net asset value, except in connection with an offering to their security holders, conversion of a convertible security, exercise of any warrant outstanding on the date of enactment of this bill, or with consent of a majority of their stockholders. No closed-end company may repurchase any of its outstanding securities except on a securities exchange or open market upon prescribed notice to its stockholders or pursuant to tenders or under other circumstances to be prescribed to insure fair treatment of all security holders—section 23.

With respect to the distribution and redemption of securities issued by open-end companies, an association of securities dealers registered under section 15A of the Securities Exchange Act of 1934 is, subject to the provisions of that section, empowered to make rules to protect investors, so far as is reasonably practicable, against any dilution of their equity due to the methods of pricing, distribution, and redemption of redeemable securities and to prevent grossly excessive sales loads on such securities. The Commission after 1 year is empowered to make rules and regulations to deal with these subjects. In other words, the industry is given a year in which to solve this problem for itself. In addition, provision is made to prohibit the sale of redeemable securities to any person other than a dealer or principal underwriter at a price less than that at which the security is sold to the public. The bill prohibits the suspension of redemption of a redeemable security for a period more than 7 days except during certain specified emergency periods or other period fixed by the Commission. The negotiability of open-end securities may not be restricted in contravention of provisions which may be formulated—section 22.

Capital structure: Except for refunding of outstanding securities and securities issued in connection with reorganizations, closed-end companies in the future may not issue more than three classes of securities—one class of security representing indebtedness, including loans not publicly distributed, one class of preferred stock, and one class of common stock. Securities representing indebtedness must have at the time of issue an asset coverage of at least 300 percent and preferred stock an asset coverage of at least 200 percent. Similarly no dividends or distributions may be declared or made upon the common stock unless the securities representing indebtedness and preferred stock issued in the future have an asset coverage of 300 percent and 200 percent, respectively, and dividends may not be paid on such preferred stock unless such indebtedness has an asset coverage of at least 200 percent. Voting rights are also provided for preferred stock and in certain contingencies for senior securities representing indebtedness other than loans. Temporary borrowings up to 5 percent are exempted from this provision—section 18.

Open-end investment companies are not permitted to issue any senior securities, except that such companies are permitted bank borrowings, provided that an asset coverage of 300 percent is maintained at all times for such borrowings—section 18.

Dividends: In respect of dividends on existing securities, as well as securities issued in the future, investment companies are required to disclose by written statement accompanying any dividend the source of such payment when made other than from the current or accumulated net income as defined—section 19.

Proxies and voting trusts: Solicitations of proxies, consents, and authorizations relating to securities of investment companies registered under this bill are to be subject to the regulations to which solicitations relating to securities listed on national securities exchanges are already subject by reason of the Commission's regulations adopted under section 14 (a)

of the Securities Exchange Act of 1934. To assure uniformity of interpretation and administration as between that act and the present bill, section 20 (a) of the bill has been so drafted as to follow verbatim section 14 (a) of the Securities Exchange Act, with only such slight modifications of language as are necessary because of the special classes of companies to which section 20 (a) applies.

Hereafter no public offering may be made of voting trust certificates of investment companies. Existing voting trusts may continue until their expiration—section 20.

Investment advisory contracts and contracts for distribution of open-end company securities: After 1 year from the effective date of the act all investment advisory or management contracts must be in writing, must prescribe in detail the compensation to be paid, and must be nonassignable and terminable upon 60 days' notice. In effect, the contract has to be approved by a majority of the voting stock, may be for an initial period of 2 years, and renewable annually thereafter by the board of directors or stockholders. Analogous provisions are incorporated with respect to contracts for the distribution of open-end company securities. Existing arrangements are permitted to continue for a period not exceeding 5 years—section 15.

Reorganizations of investment companies: With respect to investment company reorganizations as defined, the bill provides that the Commission, at the request of 25 percent of any class of the security holders to be affected by such reorganization, or on the request of a company which is a party to such a plan, may give an advisory opinion. The company is required to send a copy of such advisory opinion to its security holders. The Commission may institute injunction proceedings in a Federal court to restrain the consummation of grossly unfair plans of reorganization or plans which constitute gross misconduct or gross abuse of trust—section 25. The functions and duties of the Securities and Exchange Commission under the Bankruptcy Act remain unchanged.

Reports and accounting: Investment companies are required to file with the Commission annual reports, including financial statements, similar to the annual reports now filed with the Commission under the Securities Exchange Act of 1934 by companies having securities listed on national securities exchanges, and less comprehensive reports on a semi-annual or quarterly basis. In addition, investment companies must file with the Commission copies of reports sent to their security holders and may be required to transmit semiannually to their stockholders reports containing certain specified financial and other information. The reports to stockholders may not be misleading in any material respect in the light of the reports filed with the Commission. Under other acts administered by the Commission, lacking such a provision as this, misleading financial statements, inconsistent with those filed with the Commission, have been sent security holders in an appreciable number of instances. Annual reports to the Commission and to stockholders may be required to be certified by independent public accountants, whose certificate must be based on a reasonably comprehensive audit—section 30.

The Commission is authorized to require investment companies and certain of their majority-owned subsidiaries to preserve accounts, records, and documents upon which the financial statements filed with the Commission are predicated. Investment advisers, depositors, and principal underwriters of certain investment companies may likewise be required to preserve records showing their transactions with the investment companies with which they are associated. These accounts, records, and documents are subject at all times to examination by the Commission or its representatives. The Commission is authorized to provide for a reasonable degree of uniformity in the accounting policies and principles to be followed by investment companies in maintaining their accounts and records and preparing the financial statements required in their report to the Commission and stockholders—section 31.

Subject to certain exceptions, the selection of independent public accountants of investment companies must be sub-

mitted for ratification or rejection to stockholders who, in addition, at any time by a majority vote may terminate their employment. The auditor's certificate must be addressed to security holders as well as the directors. The controller or other principal accounting officer of every company is to be chosen either by the board of directors of the company or by its security holders, and not merely be appointed by its executive officers. The Commission is also empowered to require accountants and auditors to keep reports and work sheets and other documents relating to investment companies—section 32.

Unit investment trusts: The trust indentures of unit investment trusts must designate as trustee or custodian a bank of a specified minimum size; must require that all property and funds of the trust will be held by the trustee; and that the trustee—which may not resign unless a successor trustee has been designated or the trust liquidated—be entitled to reimburse itself out of the trust property for its expenses actually incurred and fees actually earned. Except under special circumstances, the depositor or underwriter must be prohibited from deriving any fees from the trust other than the original sales load for distributing the shares. Provision must also be made to advise shareholders of portfolio changes. Finally, proceedings in court may be instituted by the Commission to liquidate so-called orphan trusts—section 26.

Periodic payment plans: The bill contains additional provisions which relate specifically to companies issuing periodic-payment-plan certificates. These provisions fall roughly into three classes: Provisions relative to sales load; provisions regulating the incidents and denominations of the certificates, and provisions regarding custodianship. The sales load is limited to 9 percent. Recognizing the heavier initial expense, due primarily to sales commissions, the bill permits half of the sales load to be taken out during the first year of the plan; the balance is to be spread equally over the subsequent years. To prevent evasion of these restrictions on sales load by the imposition of so-called management fees, the Commission is authorized to prescribe maximum management fees. The provision relating to sales load may be modified by the Commission to meet the problems of small companies. Periodic-payment-plan certificates must be redeemable securities; and the initial payment under any plan must be at least \$20, with each subsequent payment at least \$10—section 27.

Face-amount-certificate companies: Companies which sell face-amount certificates are generally subject to the provisions of the bill but must comply with certain provisions which are specifically applicable to that type of company. The bill contains provisions with respect to minimum capitalization of face-amount-certificate companies. All companies which in the future sell these certificates must at all times maintain reserves, which, accumulated at a rate not to exceed $3\frac{1}{2}$ percent compounded annually, must provide an amount sufficient to meet at all times all the liabilities and obligations of the company to all its certificate holders. The companies must have cash or qualified investments (investments which are qualified under the Code for the District of Columbia for life insurance companies) of a value not less than the aggregate of their capital and reserve requirements. The bill makes provision to require deposit with certain qualified banks of all or any part of the investments maintained by such company as certificate reserve requirements except that the company may be credited with deposits made pursuant to law or regulation with State authorities in respect to liabilities of the certificates sold to the residents of such States. The bill makes provision for the distribution of the loading charge (the maximum amount of which charge is fixed by the bill) over the life of the certificate. In essence, no more than 50 percent of the load may be taken out the first year, no more than 7 percent in each of the following 4 years, and not more than 4 percent the remaining years. The surrender value of the certificate for the first year must be equal to at least 50 percent of the gross annual payment made on the certificate and for any subsequent time must be the amount of reserve of such certificate less a prescribed surrender charge. A certificate may not contain a provision making the holder liable

for any unpaid balance on the certificate and must provide for the issuance to the certificate holder upon the happening of certain contingencies of a so-called paid-up certificate.

The obligations of the company to a certificate holder, who has defaulted, are specifically enumerated in the bill—section 28. If a face-amount company does not maintain the minimum certificate reserve on all its outstanding face-amount certificates issued prior to the effective date of the bill then the company cannot make any distribution or pay any dividend on any senior capital security which exceeds a prescribed percentage of its earnings or which the Commission determines might impair the financial integrity of the company or its ability to meet its liabilities on the outstanding certificates. In the future, face-amount certificate companies cannot issue senior capital securities in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate for the protection of investors, or if such company has such senior capital securities outstanding to make any distribution or pay any dividend in contravention of such rules and regulations as the Commission may prescribe to insure the financial integrity of the company and to prevent the impairment of the company's abilities to meet its obligations on its face-amount certificates—section 18. A face-amount company can acquire the securities of another face-amount company only upon certain prescribed conditions—section 12. The bill makes provision to obtain equality of treatment of certificate holders who are residents of various States in the event of bankruptcy of a face-amount company. The bill preserves the rights of residents in those States which require specific deposits with their State officials but makes provision for equalization of treatment of all certificate holders, by providing that residents of other States must receive an amount equal to that received by the residents of States with deposits, before the latter can share in the general assets of the bankrupt company—section 29.

Unlawful representations: The bill contains the usual provisions prohibiting misrepresentations and half-truths in registration statements, reports, and other documents filed with the Commission, and prohibiting the misrepresentation of the effect of registration with the Commission. In addition, the use of misleading names by registered investment companies is specifically prohibited. The latter provisions may be enforced by order of the Commission when the name is adopted after the effective date of the bill, and by a court at the suit of the Commission as to names theretofore adopted—sections 34 (b), 35.

Administrative and enforcement machinery: The bill contains ample provisions, but appropriately circumscribed, for the enforcement of its provisions; for the carrying out of the powers and duties vested in the Commission, and for court review of the Commission's action—sections 38 to 46, 49.

Formal provisions: The bill contains the usual provisions regarding validity of contracts, liability of controlling persons, the effect of the bill on existing law, and separability of provisions. The effective date of title I is November 1, 1940, as to all companies except face-amount certificate companies, as to which the bill does not become effective until January 1, 1941. The short title of the bill is the "Investment Company Act of 1940"—sections 47, 48, 50 to 53.

ANALYSIS OF PROVISIONS OF TITLE II

Findings and definitions: Sections 201 and 202 contain, respectively, the findings of the Congress with respect to investment advisers and the definitions of various terms used in title II. The term "investment adviser" is so defined as specifically to exclude banks, bank holding company affiliates, lawyers, accountants, engineers, teachers, brokers—insofar as their advice is merely incidental to brokerage transactions for which they receive only brokerage commissions—publishers of bona fide newspapers, news magazines, or financial publications of general and regular circulation, and persons whose advice is limited to securities issued by the United States and certain instrumentalities of the United States. In addition, the Commission is authorized by rules and regu-

lations or order, to make certain further exceptions according to prescribed statutory standards.

Registration of investment advisers: Investment advisers who make use of the mails or instrumentalities of interstate commerce in connection with their investment advisory business, unless they fall within one of the specific exemptions provided in section 203 (b), are required to register by filing with the Commission an application for registration containing certain information, the character of which is specified in the bill. The administrative machinery for registration is similar to that provided in the Securities Exchange Act of 1934 for the registration of over-the-counter brokers and dealers. Registration may be denied or revoked if the registrant has within 10 years been convicted of a crime or is enjoined by a court in connection with a security or financial fraud, or if his application for registration is materially misleading. The data contained in the application for registration must be kept reasonably current by such annual and special reports as the Commission may require for that purpose—sections 203, 204.

Investment advisory contracts: Contracts or agreements between an investment adviser and a client may not provide for compensation to the investment adviser based upon capital gains or capital appreciation. Each such contract must be nonassignable, and must provide, if the investment adviser is a partnership, that the client will be notified of any change in the membership of the firm, so that he will be in a position, if he so desires, to disaffirm the contract—section 205.

Certain prohibited transactions: Transactions and practices which defraud or operate as a fraud or deceit upon clients or prospective clients are prohibited. Registered investment advisers are also forbidden to purchase securities from or sell securities to any client, either as principal or in connection with a brokerage business, without first advising the client of the transaction and obtaining his consent thereto—section 206.

Unlawful representations, administrative and enforcement machinery, and formal provisions: In these respects title II contains provisions generally comparable to those of title I—sections 207 to 221, inclusive. Section 210, which relates to publicity, recognizes that in many instances the adviser-client relationship has a confidential basis, and provides for confidential treatment of information obtained in the administration and enforcement of the title, to the extent that such treatment is consistent with efficient enforcement.

[Here the gavel fell.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, the gentleman from Maryland [Mr. COLE] is to be highly complimented, for as chairman of the subcommittee of our Committee on Interstate and Foreign Commerce he has brought to you a most remarkable bill. It is particularly remarkable in that it comes here unanimously approved by our committee and by both Government and the businesses affected. I do not know when a bill of this importance has been brought to the House in which not only the Government agency affected, in this case the Securities and Exchange Commission, but also the industries to be regulated, have been in such unanimous accord. The committee itself was unanimous in voting to report the bill to the House. However, I personally have had a certain hesitation and mental reservation, so to speak, in connection with title II of the bill, and it has been agreed by Judge Healy, Chairman of the Securities and Exchange Commission, that he would support a resolution, which I give notice now I shall later introduce, to investigate the subject covered by title II of this bill, namely, the regulation of investment advisers.

I have suggested this because I have certain qualms concerning the workability of title II. In the first place, an investment adviser is in a peculiar relationship with his client. Investment advisers are in the relationship somewhat of a physician to his patient. There is a question in my mind whether or not an investment adviser is actually engaged in interstate commerce. Is he any different in laying out a

prescription for his client as to what the client should purchase or sell on his investment account? Is he any different in that respect from the doctor who issues a prescription to his client for his physical correction? There is a grave question in my mind as to the constitutionality of this title in respect to the necessity for registration of these people by virtue of their engaging, as supposed in this section, in interstate commerce.

Title II does something else. It exempts from the requirement to register as investment advisers, banks and certain holding-company affiliates; lawyers, accountants, engineers, or teachers whose performance of investment advisory services is solely incidental to the practice of their professions; any broker or dealer whose performance of such service is solely incidental to the conduct of his business as a broker or dealer and who receives no special compensation therefor; the publisher of any bona fide newspaper, news magazine, or business or financial publication of general and regular circulation; any person whose advice, analyses, or reports relate to no securities other than securities which are direct obligations of or obligations guaranteed as to principal or interest by the United States, and so forth.

In other words, it has exempted from the registration provisions of this bill some of the largest groups of investment advisers in the business, namely, the banker, the lawyer, the income-tax accountant frequently, and a number of others who, regardless of their competency, have practiced investment advising over a long period of time.

I fail to see why such groups as just mentioned should be exempt from registration, if the professional adviser must register, when it is these groups that do most of the advising on investments for the widows, the orphans, the executors of small estates, and the ordinary, common run of small investors, businessmen, and thrifty workers. In fact, if any advisers are to be regulated, it would seem to me that some of the worst advice given to those who can least afford to lose is handed out by these very groups. The professional investment adviser is not interested in such small accounts as they are more bother than the small fees are worth, so these people consult with whoever may be in a confidential relationship to them. In these cases—and there are hundreds of thousands of them—there is no recourse except for demonstrable fraud.

Title II of this bill has been agreed to by the Investment Advisers' Association, composed, as I understand, of some four-hundred-and-odd, more or less large, firms engaged in the advising business. The members of that association are to be complimented for their desire to improve the status of their profession and to improve its quality. But, after all, the proof of the pudding is in the eating of it, and the proof of the investment counsel's service is in the long-run results attained. The mere setting up in business as investment adviser does not make the advice sound. Yet under this bill anyone of almost any qualification can demand a certificate of registration as an investment adviser, providing he has a reasonably clean record. There are hundreds of small partnerships and thousands of individuals in the United States who act as investment counsel and who, I believe, were not consulted in setting up title II. Many of them have contractual relationships with their clients that are not in accordance with the provisions of this bill and may, in fact, be in violation of it. There is a serious question whether or not the contractual restrictions in this bill are not in themselves a violation of the right of contract as between employer and employee or between principal and agent or in the ordinary professional relationship. I do not know the answer to that, but the question has been raised. I am not here defending the principles involved in these relationships, but I raise the question of right to contract.

Then, registration itself lends color of Federal approval to anyone to whom is issued a certificate of registration by the Securities and Exchange Commission. If I am to go into the investment advising business, or if you should go into it, and can hang that sign out in front of your door stating that you are "registered with the Securities and Exchange Com-

mission," it gives a certain color of honesty, ability, and integrity to you which you may in nowise possess.

It is true that the Commission may investigate applicants for registration and refuse to issue a certificate until after a hearing, but the requirements for registration are largely negative in character. Adequate positive qualifications do not appear in this bill. The Investment Advisers' Association has conducted an inquiry into this subject and arrived at no very definite conclusions. In fact, they acknowledge that, while a formal education for an investment adviser is desirable, yet a formal education does not necessarily produce a competent adviser. Judgment is a rare quality, indeed, but a good investment adviser must be something of a reliable prophet and a seer to boot. If a rich man loses through bad advice, that is too bad, but if a widow or a minor or a man in very modest circumstances loses that is a tragedy, and its magnitude is inversely proportional to the wealth of the loser.

Mr. Chairman, I believe this whole subject should be further investigated. Judge Healy admitted to me privately that there might be certain sections of this bill which would have to be changed in the course of time. I do not desire to take any more of the time of the House this afternoon. I congratulate the gentleman from Maryland [Mr. COLE] and the gentleman from New Jersey [Mr. WOLVERTON] on the splendid work of their subcommittee and recommend that the House approve this bill. I again announce that at a later time I will introduce the resolution to which I have previously referred.

Mr. COLE of Maryland. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Chairman, realizing there is nothing perfect under the sun and that we never get an absolutely perfect bill, I shall support this legislation. I agree with the gentleman from California [Mr. HINSHAW] that in exempting bankers, brokers, and lawyers, the committee has perhaps made a mistake. But let us see whether it will not nevertheless do a great deal of good and accomplish some of the things we have been seeking to accomplish; that is, bring about a little more honesty and decency in all these investment matters so far as the investment brokers and bankers are concerned.

I want to compliment the gentleman from Maryland [Mr. COLE], and I want to thank the Interstate and Foreign Commerce Committee for giving to the country this legislation which in the first place created the Commission which made this report and on which report and recommendation this legislation is based. In 1929 I started after unprincipled investment bankers and all those affiliated and connected with them, particularly those investment bankers and brokers who robbed the people of this country of billions and billions of dollars, those conscienceless manipulators who started in 1925 to unload upon the public millions upon millions of worthless securities, who brought about the great inflation in 1927 and 1928 and the subsequent crash of 1929, those fellows who nearly bankrupted the entire Nation, closed most of our banks, prostrated our industries, and deprived millions of our people of their life savings. I think the Interstate and Foreign Commerce Committee of the House has really rendered a great service in presenting this bill. Before the legislation creating the Securities Exchange Commission the stock exchanges and that horde of money changers affiliated with them, whether it was the big board, the Curb, or the various other exchanges, listed most any kind of stock and unloaded it upon the public.

The issuance of stock to the extent of from three to five times the actual value of properties was the commonest sort of practice by these dishonest stock-manipulating geniuses. They got their own stock at inside prices fixed by themselves. Not only was the public taken in, but the small bankers and their depositors as well. The financial upheaval that followed will never be forgotten. Though perhaps under the then existing law these grafters and scoundrels may not, strictly speaking, have been guilty of larceny, I do not hesitate to say that in my own opinion their brutal get-rich-quick schemes which ruined so many innocent people constituted outright larceny, and there is no other way to describe

them. If Whitney, the once New York Stock Exchange "big shot," now in prison, or President Hoover, had listened to my warnings early in 1929, the catastrophe that came near wrecking our whole financial structure could have been averted.

Under the law we passed in 1933 and amended in 1934 and 1935, these abuses have to some extent, at least, been eliminated, and the sharpers, gangsters, brokers, and gamblers have not had the same opportunity they formerly had to rob the American public.

I believe this proposed legislation, though not perfect, will be wholesome and beneficial. As chairman of a select committee of the House making an investigation in 1934 and 1935, I ascertained that many of the investment trusts, after unloading their stock upon the public, removed the valuable stocks and bonds against which they issued their stock and substituted a lot of "cats and dogs" that had no value, thereby robbing thousands upon thousands of people who invested in the stock of those investment companies.

If I had done nothing else in my many years in this House, the fact that I started in 1929 the investigation which has finally resulted in this legislation leaves me contented that I have been of at least some value to the House and to the country.

Although I would have preferred to see somewhat stronger restrictions in the bill, taking everything into consideration, and believing that in times such as these we should try to work in harmony, I feel that the committee has used good judgment in yielding in some respects and bringing out a bill that has been approved even by those whom it affects, which is something unusual.

Mr. Chairman, I am especially pleased to observe so many Republican Members supporting this proposed legislation in the interest of the investing public, but I am afraid, very much afraid, that it will not be approved by the Wall Street gambling fraternity that is supporting Mr. Willkie for President. Their gambling operations have already been retarded considerably by this type of legislation and by this administration, and the passage of this bill will retard them still more. They are hopeful, no doubt, that if Mr. Willkie becomes President they will be able to again conduct their precious business (?) in Wall Street and on the stock exchanges without interference.

But my advice to them is to forget their daydreams and start to devote themselves to such legitimate pursuits as will require no interference or Government regulation.

Mr. Chairman, the Securities Exchange Commission has made a very exhaustive study of improprieties in the use of these large pools of small investors' money by insiders and self-appointed managers.

Very definitely the bill deals with protecting the investing public against machinations such as I have been fighting against for many, many years. There are a great number of individual points covered in the bill, some of which are:

Prohibition of interlocking directorates.

Definite classification of investments that any particular investment trust may buy for their portfolio.

Duty to divulge such security holdings as lodge control in any individual investment trust.

Restriction of the amount of its own paper that any investment trust may sell to the public, when considering its good assets.

Restriction of issuance of preferred stock by any individual investment trust according to its annual profit yield; in other words, this prohibits watering.

Gives right to stockholders to nullify voting rights and privileges of preferred stockholders when sufficient yield is not earned during any year on existing capitalization.

Gives right to stockholders by 60-percent majority to oust undesirable officers and directors.

These are the chief advantages, although there are probably 100 or more, all of which are designed to protect the investor and make impossible recurrence of the unscrupulous financiers' use of other people's money for selfish interest and his own aggrandizement.

Passage of this bill will expand the regulatory powers of the S. E. C. into still another channel of finance, as it should, and will tend to reestablish the confidence of millions of small investors in long-term securities through investment trusts. This should be of great assistance to expansion of industry and commerce.

In conjunction with the Securities Acts of 1933 and 1935, and the Chandler bill, this closes another door on the financial crooks.

For all these reasons I heartily endorse the bill and urge its prompt enactment into law. [Applause.]

Mr. WOLVERTON of New Jersey. Mr. Chairman, I yield myself such time as may be necessary.

Mr. Chairman, it is not my intention to speak at length on the pending bill. Without discussion of the details of the bill I wish merely to emphasize the necessity for this regulatory legislation and the extreme care that has been exercised by the Committee on Interstate and Foreign Commerce to present to the House legislation that will be adequate to effectively protect the investing public, in the type of investments covered by the bill, and at the same time provide against regulation that would unreasonably handicap investment companies from performing a service to the public that has become an important part of our economic and financial structure.

This bill and a similar one introduced in the Senate are the outgrowth of a study and inquiry made by the Securities and Exchange Commission into the methods and policies of investment companies. This investigation was undertaken by the Commission pursuant to the authority and direction contained in the Public Utility Holding Company Act of 1935. The report of the Commission showed that many irregularities and unfair practices in the management of investment trusts and investment companies had resulted in losses of considerable sums to large numbers of investors. Responsible companies and individuals engaged in the business were anxious that these improper methods and policies that brought the industry into disrepute and resulted in loss of confidence by the investing public should be corrected. Thus, the work of the Commission was not a mere "witch hunting" expedition nor based upon a desire to harass honest business. It was entirely an effort to preserve a necessary and important agency of business from improper use by some unscrupulous manipulators to the detriment of honest men who sought to conduct the business on a basis of honesty and integrity, and to save the investor from the losses that were incident to doing business with those who were not actuated by honest motives.

In discussing the public interest in investment trusts and investment companies Robert E. Healy, Commissioner of the Securities and Exchange Commission, who had general supervision of the investment-trust study testified at the committee hearings that:

The American public has contributed over \$7,000,000,000 to those organizations. That is on the basis of investment. You can compare that with \$14,000,000,000 roughly estimated as the investment in the electric-light industry. The value of their assets at present is approximately \$4,000,000,000. * * * With respect to 22 of the bankrupt companies upon which the Commission has reasonably accurate figures, the security holders sustained a capital loss to December 31, 1935, of approximately \$510,000,000 out of a total net capital contribution of almost \$560,000,000, or a loss of about 90 percent. Altogether, investors have sustained a capital shrinkage of approximately \$3,000,000,000 in all types of investment trusts and investment companies.

This tremendous loss, of course, was not entirely due to fraudulent practices, but was attributable to a large extent to the decline in security values since 1929. However, the fact remains that in a substantial number of cases, losses suffered by investors were due to unscrupulous management of the investment trusts and investment companies.

Mr. Healy further testified:

Many individual investment companies have total assets equal to those of the larger savings banks. Their securities are owned by approximately 3,000,000 investors throughout this country, with the majority of the individual investments in such securities having a value of under \$500. The number of security holders of investment trusts and companies probably exceeds that of all other

industries except utility holding company systems. It is estimated that one out of every 10 holders of securities of all types in this country is a holder of investment trust and investment company shares or certificates.

In addition, investment companies at present control or are in a position to control or importantly influence various industrial, banking, utility, and other enterprises having total assets which, as of the end of 1935, amounted to some \$30,000,000,000. Furthermore, these investment trusts and investment companies, because of their very substantial trading in securities on stock exchanges, are a most substantial factor in our securities markets.

Because of the large public interest in these organizations, and because these investment trusts and investment companies represent unsupervised pools of savings, these institutions have been a matter of concern to representatives of the investment company industry, stock exchanges, financial writers, and governmental bodies from the early period of their existence in this country. The potential dangers of these organizations have been indicated, and with the passing years criticism has increased.

The hearings before the committee showed many of the abuses that have existed in the conduct of investment trusts and investment companies. Unscrupulous individuals in control of some of these investment companies have not hesitated to engage in dealings between themselves as officers and with other companies in which they were interested. In some instances they have purchased from such other companies for the investment companies worthless securities at high prices, or sold securities of the investment companies to other companies in which they were interested at ridiculously low prices, or have borrowed as individuals from the investment companies and failed to pay back the sums borrowed. I mention only these few instances of dishonest practices to illustrate the methods in use by some of the dishonest manipulators of the funds invested by the public. Many other practices equally dishonest have been utilized. Furthermore, without regulation the investor has not always been able to obtain accurate financial reports as to the operation of the companies in which he was interested. Often such reports were misleading or actually dishonest. All of which made it easy to fleece the investor.

It is not to be assumed that all or even most of the investment trusts and companies have been guilty of dishonest practices. But, it has nevertheless existed to such an extent as to make it necessary in the public interest to provide a Federal system of regulation and control to insure upon the part of all such companies an honesty of management that will make all such investments reasonably secure. It is that very thing this bill seeks to accomplish.

The Securities Act of 1933 and the Securities Exchange Act of 1934 have not been effectual in preventing the type of abuses that have grown up in the investment field. These acts merely provide for publicity. This, however, has not provided adequate security to the investing public. And, furthermore, many investment companies have not come within the provisions of either of these acts.

It is the opinion of the Committee on Interstate and Foreign Commerce, the Securities and Exchange Commission, and representatives of the industry itself, that regulation and control of investment trusts and investment companies is necessary for the protection of the public and best for the industry. Consequently this legislation represents the combined efforts and study of all these and has the approval of all. The committee has offered this legislation to the House in the belief that it will remove abuses that have existed and will establish the investment business on a basis that will encourage the confidence of the public.

Before concluding my remarks, I wish to pay tribute, deserved tribute, to the gentleman from Maryland [Mr. COLE] for the important part that has been taken by him in formulating this legislation along lines that would prove effectual in regulating investment trusts and investment companies, but in a manner that would not unreasonably handicap this important industry in the carrying on of its important part in our economic and financial structure.

But in addition to this important service rendered by the gentleman from Maryland [Mr. COLE], he also was instrumental in inaugurating a new practice that will, in my opinion, whenever utilized, result in worth-while legislation, namely, that of having representatives of the business or in-

dustry to be affected by the legislation sit down with the regulatory body, and, around the table, discuss the problems and arrive at a fair and reasonable solution of them. That practice was pursued in formulating the present legislation. It has therefore come before this House with the approval of both the Securities and Exchange Commission and representatives of the investment industry. It likewise has the unanimous support of the Committee on Interstate and Foreign Commerce. It is legislation that is entitled to have the unanimous support of this House. [Applause.]

Mr. COLE of Maryland. Mr. Chairman, I yield to the gentleman from California [Mr. LEA], such time as he may desire to use.

Mr. LEA. Mr. Chairman, I regard this bill as a substantial contribution for the benefit of investors as well as the business interests of the country. It provides constructive regulation without any destructive burdens or purpose. A notable feature of the bill is that it is the outgrowth of cooperation; it represents the well-considered judgment of both the investment world and the Securities and Exchange Commission.

The words just spoken by the gentleman from New Jersey [Mr. WOLVERTON] when he complimented the gentleman from Maryland [Mr. COLE] for his part in this legislation were well spoken. This legislation is an example of cooperation of businessmen and representatives of the Government in trying to provide constructive legislation. It is legislation that should be helpful and not unduly burdensome or harmful; it is an example that may well be followed in the future.

There has been a purpose on the part of our committee to encourage this sort of cooperation. Some months ago the chairman of this committee had a number of applications from business people, particularly, those interested in the securities market and those interested in removing any handicaps to investment capital, to have a hearing on the question of modifying the Securities Act and the Securities Exchange Act of 1934. Some doubt existed as to whether or not such an investigation could appropriately or advantageously be conducted so near a Presidential election, but, finally, on the understanding that a hearing would be had dealing with the economic problems and not the political ones involved, the committee arranged a meeting in which the business interests of the United States were to have an opportunity to come before the committee and to present their criticism as to what should or should not be done by the Government in the regulation of the securities market in order that we might remove every handicap that unnecessarily restrains investment capital.

At the time this matter was set for hearing, as chairman of the Interstate and Foreign Commerce Committee, I made a statement as to the purposes of the hearing, as follows:

We have now had several years' experience under each of these acts. This was pioneer legislation. We can naturally expect that out of years of experience defects in these laws as well as in their administration have been revealed and which should be corrected. The country as a whole does not question the general purposes of these acts or the necessity of such protective legislation. We do need, however, the removal of every unnecessary handicap to business, whether of governmental or economic character.

It appears that in the last 10 years capital investment has not equaled depletion in the business plants of the country. There is a great volume of idle capital. Idle capital means idle men and a decreased volume of business. To remove unnecessary handicaps and encourage the investment of this capital are among the greatest problems of the Nation. The economic welfare of the country, as well as its social progress are dependent upon both capital and labor employment. This partial stagnation of capital investment has continued over a 10-year period and must have some important fundamental reasons behind it. The law affecting securities and their administration perhaps does not constitute more than a minor part of the main problem, but yet possibly a phase of importance.

It is not expected that legislation will result from the hearing this year. The move is rather preliminary and of an educational character as preparatory to the consideration of any legislation that may be found necessary to improve the situation at the next session of Congress.

It is believed that a fair presentation of the facts by experienced businessmen from an economic and practical viewpoint without partisan motives will help the country to understand these problems and to give better support to appropriate legislation.

Following the setting of that hearing before our committee, the Securities and Exchange Commission and representatives of business got together and it was jointly agreed that they would prefer that instead of having the hearing now, a study should be made—a joint study by representatives of the Securities Commission and the business and investment interests of the country—with the idea of examining these acts in the light of the experience that has developed in the last 5 years, to find out what, if anything, should be done to improve these acts and to remove any unnecessary burdens or restraints upon investment capital. In view of that agreement the hearing was canceled. That study is to go on from now until January. When January comes, regardless of what party may be in control of this House, I hope an intelligent and searching consideration of these problems will be made. Then I hope all needed improvement in these laws will be enacted. I would be disappointed if such a hearing does not develop legislation that will constructively encourage the investment of capital in this country.

So I believe that in this respect the committee is doing a useful work.

Before closing these brief remarks I want to say much credit is deserved by the gentleman from Maryland [Mr. COLE]. He performs a real service to this country when, conscientiously and industriously and with a world of good sense, he devotes himself to constructive legislation such as this. [Applause.] I consider the man in this body, whoever he may be, whether in committee or anywhere else, who devotes himself conscientiously to the development of constructive legislation that affects the welfare of the 130,000,000 people of this country is doing a great service. A man does a great service in this body if he does nothing but vote right; but if, in addition to voting right, he makes constructive contributions that really help the country, his is, indeed, a very great service.

I want also to compliment the gentleman from New Jersey [Mr. WOLVERTON]. He gives to legislation before our committee the benefit of his ripened judgment, his skill and ability as a lawyer, and his fine conception of the duty of a public servant. We are fortunate in our committee and this body is fortunate in having two men like these gentlemen to serve their country disinterestedly, but devotedly, and with a great deal of ability. [Applause.]

Mr. COLE of Maryland. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, I appreciate very much the references to my service on this committee and to the work on this and other legislation administered by the Securities and Exchange Commission.

The truth is that the work of the Interstate and Foreign Commerce Committee is accomplished by the generous cooperation of all its members, at times functioning through various subcommittees. I can go back in my recollection to the many hours that we have spent together in legislation—now important law—administered so efficiently by the Securities and Exchange Commission. Take for instance the subcommittee which handled this bill, and over which I presided, and on which the gentleman from New Jersey [Mr. WOLVERTON], the gentleman from Tennessee [Mr. REECE], the gentleman from Oklahoma [Mr. BOREN], the gentleman from New York [Mr. O'TOOLE], and formerly the gentleman from Michigan, Mr. Mapes, served. All of them participated in the work required to bring to the committee this bill so unanimously accepted by the Members today.

I have served with almost every member of the splendid group making up the Interstate and Foreign Commerce Committee of the House on subcommittees dealing with intricate and difficult problems assigned to us from time to time. It has been my experience that all of them are most anxious to apply their ability and conception of what is needed in these important times without regard to the long hours or the amount of work required. They are all hard-working and industrious members. Certainly this demonstration here today of the House accepting without a dissenting vote one of the most controversial and important pieces of legislation

is sufficient evidence in which the great committee, which I represent here today, is held by the Congress of the United States.

I have mentioned the service of our late colleague, Mr. Mapes, of Michigan. He was a great statesman and one of the real members of the committee. His place as ranking minority member is filled by the distinguished gentleman from New Jersey [Mr. WOLVERTON]. Congressman WOLVERTON is one of the best lawyers I have ever known. I sometimes wonder if the membership of the House realizes how many hours of hard and painstaking work he put in on legislation. His value as a member of this committee is hard to estimate.

Mr. Chairman, I yield to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, when this great committee with which I was connected for 24 years comes before the House, I still have a great pride in it. It is composed of great big fellows and it does great big work. For a committee like this to bring in unanimously a far-reaching bill such as this and for the House to show the confidence in it that it will in the passage of the bill today, is a compliment that comes to few committees.

I listened to the complimentary remarks the chairman of the committee, Mr. LEA, made with reference to the gentleman from Maryland [Mr. COLE] and the gentleman from New Jersey [Mr. WOLVERTON]. I take this moment to refer to a man who is absent from that committee now, but who was for many years the ranking minority member of the committee during the years that I was chairman of it. Mr. Chairman, I have served with probably 1,800 men since I first entered this hall, but I say to you that I never served with a better man, and in my opinion there was never a finer gentleman, a finer Congressman, or abler statesman in this House than my lamented colleague, Carl Mapes. [Applause.] He was gentle; he was fine; he was able. As I say, I have taken this moment not only to congratulate this great committee upon its fine work, but to say this word in tribute to a great man who has passed on.

The CHAIRMAN. If there is no other yielding of time, the Clerk will read the bill for amendment.

Mr. COLE of Maryland. Mr. Chairman, I ask unanimous consent that the bill be considered as read and be open to amendment.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the committee amendments.

Mr. COLE of Maryland. Mr. Chairman, there are numerous committee amendments, many of them clarifying, none controversial. I ask unanimous consent that the committee amendments be considered in bulk and printed in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The committee amendments are as follows:

Page 12, line 9, strike out "prescribed" and insert in lieu thereof "described."

Page 19, line 2, after the word "securities", insert "or the issuer thereof."

Page 20, line 3, strike out all the line and insert in lieu thereof "so determined is not in excess of market value or asset value of such securities in the case of majority-owned subsidiaries, and is not in excess of market value in the case of other controlled companies."

Page 31, after line 23, insert a new paragraph as follows:

"(3) Any company which since the effective date of this title or within 5 years prior to such date has been reorganized under the supervision of a court of competent jurisdiction, if (A) such company was not an investment company at the commencement of such reorganization proceedings, (B) at the conclusion of such proceedings all outstanding securities of such company were owned by creditors of such company or by persons to whom such securities were issued on account of creditors' claims, and (C) more than 50 percent of the voting securities of such company, and securities representing more than 50 percent of the net asset value of such company, are currently owned beneficially by not more than 25 persons; but such exemption shall terminate if any security of which such company is the issuer is offered for sale or sold to the public after the conclusion of such proceedings by the issuer or by or through any underwriter. For the purposes of this paragraph,

any new company organized as part of the reorganization shall be deemed the same company as its predecessor; and beneficial ownership shall be determined in the manner provided in section 3 (c) (1)."

Page 31, line 24, change "(3)" to "(4)."

Page 33, after line 16, insert a new paragraph as follows:

"(d) The Commission, by rules and regulations or order, shall exempt a closed-end investment company from any or all provisions of this title, but subject to such terms and conditions as may be necessary or appropriate in the public interest or for the protection of investors, if—

"(1) the aggregate sums received by such company from the sale of all its outstanding securities, plus the aggregate offering price of all securities of which such company is the issuer and which it proposes to offer for sale, does not exceed \$100,000;

"(2) no security of which such company is the issuer has been or is proposed to be sold by such company or any underwriter thereof, in connection with a public offering, to any person who is not a resident of the State under the laws of which such company is organized or otherwise created; and

"(3) such exemption is not contrary to the public interest or inconsistent with the protection of investors."

Page 33, line 17, change "(d)" to "(e)."

Page 46, after line 7, strike out all of lines 8, 9, 10, and 11 and in lieu thereof insert the following:

"(2) such investment adviser is registered under title II of this act and such investment adviser is engaged principally in no business other than that of rendering investment supervisory services as defined in title II;"

Page 56, line 2, after "of", strike out "only."

Page 56, line 2, after "stock", insert "only."

Page 56, line 22, after "company", insert "and any company or companies controlled by such registered company."

Page 57, strike out all of line 14 and in lieu thereof insert the following: "or any State, or to affect the right under State law of any insurance company to acquire securities of any other insurance company or insurance companies."

Page 71, line 20, after "place", insert "and maintain."

Page 72, strike out all of lines 1 to 14, inclusive, and in lieu thereof insert the following: "subject to such rules and regulations as the Commission may from time to time prescribe for the protection of investors; or (3) such registered company, but only in accordance with such rules and regulations or orders as the Commission may from time to time prescribe for the protection of investors. Rules, regulations, and orders of the Commission under this subsection, among other things, may make appropriate provision with respect to such matters as the earmarking, segregation, and hypothecation of such securities and investments, and may provide for or require periodic or other inspections by any or all of the following: Independent public accountants, employees and agents of the Commission, and such other persons as the Commission may designate. No such member which trades in securities for its own account may act as custodian except in accordance with rules and regulations prescribed by the Commission for the protection of investors."

Page 93, line 3, after the period at the end of the line, insert a new sentence as follows: "Any company which, as of March 15, 1940, was required by provision of its charter, certificate of incorporation, articles of association, or trust indenture, or of a bylaw or regulation duly adopted thereunder, to postpone the date of payment or satisfaction upon redemption of redeemable securities issued by it, shall be exempt from the requirements of this subsection; but such exemption shall terminate upon the expiration of 1 year from the effective date of this title, or upon the repeal or amendment of such provision, or upon the sale by such company after March 15, 1940, of any security (other than short-term paper) of which it is the issuer, whichever first occurs."

Page 93, strike out all of lines 12, 13, and 14 and in lieu thereof insert the following:

"(g) No registered open-end company shall issue any of its securities (1) for services; or (2) for property other than cash or securities (including securities of which such registered company is the issuer), except as a dividend or distribution to its security holders or in connection with a reorganization."

Page 93, strike out all of lines 17, 18, and 19 and in lieu thereof insert the following:

"Sec. 23. (a) No registered closed-end company shall issue any of its securities (1) for services; or (2) for property other than cash or securities (including securities of which such registered company is the issuer), except as a dividend or distribution to its security holders or in connection with a reorganization."

Page 93, line 23, after "which", strike out "price" and insert in lieu thereof "net asset value."

Page 93, line 24, after "determined", strike out "on the basis of values calculated."

Page 94, line 4, after "its", strike out "common-stock holders" and insert "common stockholders."

Page 96, line 1, after "commerce", strike out "or" and insert "to."

Page 98, strike out the word "opinion" and insert in lieu thereof the word "report" in lines 2, 6, 7, 9, 17, 19, 21, and 23.

Page 103, line 21, after "investment", strike out "company, or" and insert in lieu thereof "company issuing periodic payment plan certificates, or."

Page 103, line 22, after "any", strike out "periodic payment plan" and insert "such."

Page 105, line 19, strike out "company, or" and in lieu thereof insert "company issuing periodic payment plan certificates, or."

Page 105, line 20, after "any", strike out "periodic payment plan" and insert "such."

Page 108, line 5, after "the", strike out "specified."

Page 108, line 17, after "minimum rate", insert a comma.

Page 108, line 18, after "of", strike out the comma and "the nearest."

Page 109, line 16, after "holder", strike out "under the terms of his certificate."

Page 110, lines 9 and 10, strike out "under the terms of his certificate."

Page 110, line 10, after "of", strike out "a" and insert "any."

Page 120, line 19, after "Sec. 29.", insert "(a)."

Page 121, line 2, strike out the figures "45" and insert the figure "2."

Page 121, line 23, strike out "October 1, 1940" and insert in lieu thereof "January 1, 1941."

Page 124, line 20, after "section", insert "13 or."

Page 130, line 1, strike out "such holders" and in lieu thereof insert "stockholders."

Page 130, line 13, change the period at the end of the line to a colon.

Page 130, after line 13, insert the following: "Provided, That if the selection of an accountant has been rejected pursuant to paragraph (2) or his employment terminated pursuant to paragraph (3) the vacancy so occurring may be filled by a vote of a majority of the outstanding voting securities, either at the meeting at which the rejection or termination occurred or if not so filled then at a subsequent meeting which shall be called for the purpose."

Page 130, line 22, after the end of the line, insert the following: "In the event of such termination and removal the vacancy so occurring may be filled by action of the holders of record of a majority of the shares of beneficial interest either at the meeting, if any, at which such termination and removal occurs, or by instruments in writing filed with the custodian, or if not so filed within a reasonable time, then a subsequent meeting which shall be called by the trustees for the purpose. The provisions of paragraph (40) of section 2 (a) as to a majority shall be applicable to the vote cast at any meeting of the shareholders of such a trust held pursuant to this subsection."

Page 149, line 4, after "misleading", strike out the comma and insert "in the light of the circumstances under which they were made".

Page 155, line 8, after "broker", insert "or dealer".

Page 155, line 10, strike out "brokerage" and after the word "business" insert "as a broker or dealer".

Page 155, line 25, at the end of the line strike out "and" and insert "control" and".

Page 156, strike out all of lines 3, 4, and 5.

Page 156, line 6, strike out "(14)" and insert "(13)".

Page 156, lines 8 to 12, inclusive, strike out the following: "For the purposes of this paragraph the term 'continuous advice' shall mean at least a quarterly review by the investment adviser of the investments of the client entrusted to his supervision."

Pages 156 and 157, renumber paragraphs (15), (16), (17), (18), (19), (20), and (21), respectively, to paragraphs (14), (15), (16), (17), (18), (19), and (20).

Page 161, strike out all of lines 5 and 6 and in lieu thereof insert the following: "(2) A statement as to whether such investment adviser is engaged or is to engage primarily in the business of rendering investment supervisory services."

Page 165, strike out all after line 17 and in lieu thereof insert the following:

"(3) acting as principal for his own account, knowingly to sell any security to or purchase any security from a client or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting, and obtaining the consent of the client to such transaction. The prohibitions of this paragraph (3) shall not apply to any transaction with a customer or a broker or dealer if such broker or dealer is not acting as an investment adviser in relation to such transaction."

Page 166, strike out all after line 19 and in lieu thereof insert the following:

"(c) It shall be unlawful for any person registered under section 203 of this title to represent that he is an investment counsel or to use the name investment counsel as descriptive of his business unless such person is primarily engaged in the business of rendering investment supervisory services or unless his registration application as amended or as supplemented by the most recent report on file with the Commission states that such person is engaged or is about to engage primarily in the business of rendering investment supervisory services."

Committee amendments offered by Mr. COLE of Maryland:

Page 7, lines 6 and 7, after the word "institution", insert "or trust company."

In the committee amendment at page 20, line 10, after "excess of", insert "the higher of."

Page 25, line 2, strike out the comma.

Page 25, strike out all of lines 19 and 20 and in lieu thereof insert the following: "loan association, building and loan association, cooperative bank, homestead association, or similar institution, or any receiver, conservator, liquidator, liquidating agent, or similar official or person thereof or therefor; any common trust."

Page 33, after line 3, insert a new paragraph, as follows:

"(4) Any issuer as to which there is outstanding a writing filed with the Commission by the Federal Savings and Loan Insurance Corporation stating that exemption of such issuer from the provisions of this title is consistent with the public interest and the protection of investors and is necessary or appropriate by reason of the fact that such issuer holds or proposes to acquire any assets or any product of any assets which have been segregated (A) from assets of any company which at the filing of such writing is an insured institution within the meaning of section 401 (a) of the National Housing Act, as heretofore or hereafter amended, or (B) as a part of or in connection with any plan for or condition to the insurance of accounts of any company by said corporation or the conversion of any company into a Federal savings and loan association. Any such writing shall expire when canceled by a writing similarly filed or at the expiration of 2 years after the date of its filing, whichever first occurs; but said corporation may, nevertheless, before, at, or after the expiration of any such writing file another writing or writings with respect to such issuer."

In the committee amendment at page 33, line 4, change "(4)" to "(5)."

In the committee amendment at page 35, line 5, strike out "does" and in lieu thereof insert "do."

Page 37, line 10, after the figure "8", insert "or exempt under section 6."

In the committee amendment at page 48, line 12, strike out "no business other than that", and in lieu thereof insert "the business."

Page 49, line 6, after "date", insert "or dates".

Page 67, lines 21 and 22, strike out "March 15, 1940", and in lieu thereof insert "the date of enactment of this title."

Page 67, line 23, after "No", insert "natural."

Page 68, line 10, after "any", insert "such."

In the committee amendment at page 75, line 5, after "employees", strike out the comma.

Page 111, strike out all of line 12 after the period and all of lines 13 to 18, inclusive, and in lieu thereof insert the following: "The company may at its option take as loading from the gross payment or payments for a certificate year, as and when made by the certificate holder, an amount or amounts equal in the aggregate for such year to not more than the excess, if any, of the gross payment or payments required to be made by the holder for such year, over and above the percentage of the gross annual payment required herein for such year for reserve purposes. Such loading may be taken by the company prior to or after the setting up of the reserve payment or payments for such year and the reserve payment or payments for such year may be graduated and adjusted to correspond with the amount of the gross payment or payments made by the certificate holder for such year less the loading so taken."

Page 131, line 2, strike out "transaction", and in lieu thereof insert "transactions."

Page 157, line 6, after "institution", insert "or trust company."

Page 163, line 13, strike out the comma.

Page 173, line 12, after "to", insert a comma.

The CHAIRMAN. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. COLE of Maryland. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 10065, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

Mr. COLE of Maryland. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

House Resolution 553, providing for the consideration of the bill, was also laid on the table.

PUBLIC HOUSING

Mr. HEALEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection?

There was no objection.

Mr. HEALEY. Mr. Speaker, delays which are holding up legislation to provide additional funds for public housing are threatening the whole national-defense program, because of imminent housing shortages in more than 150 key cities of the Nation.

Conditions in Massachusetts and other New England cities are typical examples of housing needs. Quick and decisive action must be taken by Congress to provide housing for families of defense workers or the whole defense program will be placed in jeopardy.

We have speeded up every phase of the defense program, save housing. We have authorized the expenditure of enormous sums for Army and Navy equipment, for ships, for arms and ammunition. We have set the wheels in motion to expand all our defense industries—but we have done very little to provide housing for the thousands of workers that will be needed to do the work.

A dozen cities in New England alone are desperately in need of housing right now and the situations are bound to become worse as the defense program goes forward. Here are a few examples:

Newport, R. I., with a large United States naval station and a torpedo-manufacturing industry, needs 1,800 new homes to take care of the influx of workers as a result of defense activities. The housing authority there has requested the United States Housing Authority for a loan of \$1,000,000 to take care of immediate needs.

Quincy, Mass., home of the Fore River Shipyards, is now suffering a serious housing shortage, especially among the low-income groups, and officials there have indicated that 2,000 new homes will be imperative in the near future.

Pawtucket, R. I., needs 500 homes at once to provide for increased employment in eight large industrial plants within a radius of 3 miles. Five of these are now working on Government contracts and probably will triple their employment as a result of national-defense preparations.

Bath, Maine, site of another large shipyard, has no housing facilities to meet the emergency of increased employment. It is estimated that 500 new homes must be built in that area soon.

Bridgeport, Conn., which reports rapid industrial expansion, has urgently appealed to the United States Housing Authority for funds to build 400 homes at once.

Hartford, Conn., another center of defense industrial activity, faces a critical housing shortage that is steadily growing more acute. The local authority has requested Government funds to built 1,000 dwellings.

Other cities sorely needing housing for families of defense workers are Portsmouth, N. H., producer of submarines, and New Britain and New London, Conn., industrial centers for the production of defense materials.

These few cities, picked at random from many in the same condition, cannot possibly supply the necessary housing for defense workers and their families unless the Government comes to their assistance. Private building interests may help some, but the crying need of the hour is for low-rent dwellings which private enterprise so far has not been able to provide.

We have the facilities to supply all the housing that is needed in this emergency. The United States Housing Authority is set up for that purpose. It has a large and experienced staff of technicians who can step in at a moment's notice and do the job.

As a matter of fact, the United States Housing Authority already has done a splendid job with defense housing in the short time the emergency has existed and with limited funds available. Five United States Housing Authority aided defense housing projects are now under way and a dozen others will be started in the very near future.

Given the funds, the United States Housing Authority may speed the work of local authorities who are appealing for Government assistance. With 2½ years' experience in financing and supervising development of slum-clearance and low-rent housing projects, the agency is tooled to produce large-scale projects at highest possible speed.

The Government has been making extensive plans for the building of munition plants and airplane factories and placing orders with industries in communities which are without adequate housing facilities for new workers.

Unless we build houses as well as factories we must again face, as in World War years, serious delays in the production of vital defense materials.

In view of that experience, I hope we will not repeat this serious mistake but will pass the necessary legislation to hasten and facilitate the building of adequate housing for defense workers.

ADJOURNMENT OVER

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ORDER OF BUSINESS

Mr. RAYBURN. Mr. Speaker, several Members have asked what the program will be for the coming week. Monday is unanimous consent day, of course. I do not think there is a very long calendar.

There are two veto messages of bills which came from the Committee on the Judiciary and I understand the committee wants to have a vote on those messages. There will be 1 hour on each, of course. That will come up on Monday.

On Tuesday there will be the so-called wire-tapping bill, House Joint Resolution 571, with 1 hour of general debate. Also the bill H. R. 4366, providing for additional compensation for attorneys in the Department of Justice, with 1 hour of general debate.

There will be taken up on Wednesday the revised housing bill, for which I understand a rule will probably be granted tomorrow.

On Thursday the so-called Court of Claims, Carden, et al., bill, H. R. 7230, with reference to a bill which has been before the Court of Claims and giving them an opportunity to go to the Supreme Court, will be taken up.

Also, Senate Concurrent Resolution 40, with reference to the eradication of the fruitfly, will be taken up, with 1 hour of general debate.

That completes the program through Thursday and that is as far as the program has been planned.

Mr. HOFFMAN. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. HOFFMAN. Is there any information as to when the Wheeler-Logan bill and the Smith amendments to the Labor Act will be back to the House from the Senate?

Mr. RAYBURN. I am not informed as to just how fast the Senate will work.

GENERAL LEAVE TO EXTEND REMARKS

Mr. COLE of Maryland. Mr. Speaker, at the request of the gentleman from Illinois [Mr. SABATH] and some others, I ask unanimous consent that all Members who have spoken on the bill just passed may be allowed 5 legislative days within which to revise and extend their own remarks.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

By unanimous consent, Mr. RANDOLPH, Mr. RICH, and Mr. SCHAFER of Wisconsin were granted permission to extend their own remarks in the RECORD.

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to insert in the RECORD a resolution by the national committee of Young Democratic Clubs of America.

The SPEAKER. Is there objection?

There was no objection.

Mr. GUYER of Kansas. Mr. Speaker, I ask unanimous consent to extend my own remarks and insert a short quotation from a Kansas newspaper.

The SPEAKER. Is there objection?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FISH. Mr. Speaker, I ask unanimous consent that after the other unanimous-consent requests are granted I may address the House for 3 minutes.

The SPEAKER. Is there objection?

There was no objection.

EXTENSION OF REMARKS

Mr. HINSHAW. Mr. Speaker, I ask unanimous consent in connection with the general leave granted the gentleman from Maryland [Mr. COLE] to include certain excerpts in my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. WALLGREN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address delivered by the gentleman from Pennsylvania [Mr. BOLAND] in Scranton, Pa., last Sunday night.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HENNINGS. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein an editorial from the St. Louis Call.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MONRONEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Altus Times Democrat, of Altus, Okla., on the compulsory military-training bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. NORRELL. Mr. Speaker, I ask unanimous consent to extend in the RECORD a table prepared for me by the Department of Agriculture, which was the basis of some of the information given during the consideration of the bill (S. 3998) increasing the capital stock of the Commodities Credit Corporation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. WILLIAMS of Missouri (at the request of Mr. ROMJUE), indefinitely, on account of death in family.

To Mr. VINCENT of Kentucky, for today, on account of official business.

The SPEAKER. Under the previous order of the House, the gentleman from New York [Mr. FISH] is recognized for 3 minutes.

REMOVAL OF BRITISH CHILDREN

Mr. FISH. Mr. Speaker, in view of the fact that Prime Minister Churchill has been reported in the press as being opposed to further transfer of British children to America, and quoted him as saying that such removal was "most undesirable," I want to read into the RECORD a letter I have just received from Lord Lothian, the British Ambassador.

The SPEAKER. Is there objection to the reading of the letter?

There was no objection.

Mr. FISH. Mr. Speaker, the letter reads as follows:

BRITISH EMBASSY,
Washington, D. C., July 30, 1940.

The Honorable HAMILTON FISH,
House of Representatives, Washington, D. C.

MY DEAR MR. CONGRESSMAN: Mr. Eric Biddle, the secretary of the United States Committee for the Care of European Children, has suggested that I should write to you, as it has been stated that the attitude of His Majesty's Government toward the proposal to send American ships to the United Kingdom to fetch children needs clarification.

In the circumstances I am glad to inform you that if the American ships are sent to the United Kingdom to fetch children there are a large number of the children available for these ships to take back.

His Majesty's Government has decided that it cannot assume the responsibility for sending children to the North American continent in British ships unless they are convoyed. As there is a lack of

convoys British ships at present, the board is unable itself to take the responsibility for sending children to the United States. It is, however, stated that about 1,200 children are coming to this continent at their own risk, or rather that of their parents, in the next 6 weeks.

Applications to the Children's Overseas Reception Board for evacuation to the United States already exceeds 32,000, of which 10,000 are for located homes. It is estimated that the applications would reach a figure of 50,000. The great majority of these children are from homes other than those of rich parents. Ninety-eight percent of the applications are in respect to children from grant-aided schools.

I would like to thank you for your generous interest in the matter. Believe me, my dear Mr. Congressman,
Very sincerely yours,

LOTHIAN.

I am putting this letter in the RECORD merely for the information of the Members of the House. There was a good deal of dispute and misunderstanding in the Committee on Foreign Affairs as to the attitude of the British Government as a result of the statement purported to have been made by the Prime Minister of England, Mr. Churchill, in opposition to further removal of English children. It is evident from a perusal of Lord Lothian's letter that the British Government favors sending its children here, provided Americans will furnish the ships and send them over there. Such action will require the approval of Congress, and, under the terms of the bill, of all the warring nations, including England, Germany, and Italy. Every possible safeguard has been written into the Hennings bill. I hope that speedy and favorable action will be taken by the Congress to enact this humanitarian measure into law and help provide shelter and safety for these young victims of the ravages and destruction of modern warfare. [Applause.]

WESTERN HEMISPHERE UNITY

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. ROBERTSON. Mr. Speaker, It was my happy privilege today to join with colleagues from the House and Senate in welcoming at the Union Station the return to the Capital City of our distinguished Secretary of State, the Honorable Cordell Hull. His success in formulating and securing the adoption at the Habana Conference of a plan for unity of action among Western Hemisphere nations adds new luster to an already distinguished career in international diplomacy. The people of America are grateful to Cordell Hull for his consistent and unselfish devotion to the cause of world peace. We realize now how fundamentally right he has always been in insisting that mutually beneficial international trade was the only foundation for enduring world peace. Napoleon pretended that his campaigns of conquest were for the purpose of preserving peace in Europe. France and Great Britain at the Versailles peace table made some concessions to the Woodrow Wilson-Cordell Hull theory of enduring peace, but not enough to insure an unshackled international trade. The German dictator, like Napoleon the Great, pretends that his objective is the peace of Europe, but if there be any in this country who still have any illusions on that subject it would pay them to read the recent book called *The Voice of Destruction*, the article in the August 3 issue of the *Saturday Evening Post* and the article in the August issue of the *Reader's Digest*, in which the true aims of Hitler are discussed.

During the course of the Habana Conference government officials of Germany threatened both the United States and the countries of South America. Dr. Arthur Funk, speaking for the German Government, confidently predicted German success and said that the nations of the Western Hemisphere would hereafter trade with a victorious Germany on German terms or not at all. Under the superb leadership of Secretary Hull the nations of the Western Hemisphere decided in effect to follow the Hull plan for peace and mutually profitable trade rather than the Hitler plan. The action of our Congress in supporting the Hull Reciprocal Trade Agreement Pro-

gram in 1934 laid the foundation for the success of the Habana Conference.

Our exports to South American countries which modified their trade restrictions have increased 110 percent in contrast to an increase of only 64 percent to those countries which have not concluded a trade agreement with this nation. In fact, our trade in the case of two countries which have not concluded agreements has actually decreased.

The following two tables show our export trade with South America in detail.

United States exports including reexports to South America

	1934	1935	1938	1939
Trade-agreement countries:				
Brazil.....	\$40,375,000	\$43,618,000	\$61,957,000	\$80,441,000
Colombia.....	21,611,000	21,636,000	40,863,000	51,295,000
Venezuela.....	19,281,000	18,585,000	52,278,000	61,952,000
Ecuador.....	2,343,000	2,843,000	3,273,000	5,900,000
Total.....	83,610,000	86,682,000	158,371,000	199,588,000
Non-trade-agreement countries:				
Argentina.....	42,688,000	49,374,000	86,793,000	71,114,000
Chile.....	12,030,000	14,948,000	24,488,000	26,789,000
Uruguay.....	6,140,000	6,223,000	5,060,000	5,177,000
Peru.....	9,891,000	12,174,000	16,587,000	19,246,000
Bolivia.....	5,118,000	2,829,000	5,385,000	4,512,000
Paraguay.....	647,000	700,000	643,000	675,000
Total.....	76,514,000	86,248,000	138,956,000	127,513,000

Source: Figures for 1934, 1935, and 1938 from Foreign Commerce and Navigation of the United States; figures for 1939 from Commerce Reports, Feb. 14, 1940, U. S. Department of Commerce.

Comparative statement of United States exports, including reexports to South America

	2-year average		Change 1938-39 average over 1934-35 average increase (+) decrease (-)	
	1934-35 ¹	1938-39	Value	Percent
Trade-agreement countries:				
Brazil.....	\$41,997,000	\$71,199,000	+\$29,202,000	+69.5
Colombia.....	21,624,000	46,079,000	+24,455,000	+113.1
Venezuela.....	18,933,000	57,115,000	+38,182,000	+201.7
Ecuador.....	2,593,000	4,587,000	+1,994,000	+76.9
Total.....	85,147,000	178,980,000	+93,833,000	+110.2
Non-trade-agreement countries:				
Argentina.....	46,031,000	78,954,000	+32,923,000	+71.5
Chile.....	13,489,000	25,639,000	+12,150,000	+90.1
Uruguay.....	6,182,000	5,119,000	-1,063,000	-17.2
Peru.....	11,033,000	17,917,000	+6,884,000	+62.4
Bolivia.....	3,974,000	4,949,000	+975,000	+24.5
Paraguay.....	674,000	659,000	-15,000	-2.2
Total.....	81,383,000	133,237,000	+51,854,000	+63.7

¹ The years 1934-35 represent substantially a preagreement-year period, since only 1 agreement was in effect for the entire year 1935. During the 2-year period 1938-39 16 agreements were in effect throughout both of these years.

Source: Figures for 1934, 1935, and 1938 from Foreign Commerce and Navigation of the United States; figures for 1939 from Commerce Reports, Feb. 14, 1940, United States Department of Commerce.

The record made by the trade-agreements program in expanding and promoting the foreign commerce of the United States requires no defense. Those who examine the record in a spirit prompted by a desire to discover the truth and to appraise the results free from partisan bias and prejudice will find that trade agreements have contributed in large measure to the movement of our products to the markets of the world in greater volume until disrupted by war conditions.

Others, prompted by considerations to promote partisan objectives, have placed statements in the CONGRESSIONAL RECORD from time to time containing conclusions unsupported by a full disclosure of the facts. By carefully selecting figures showing the foreign trade of the United States covering periods running for a few months duration they are able to wholly distort the real picture. Trade comparisons covering a period of only a few months prove nothing. In this connection it is interesting to note that Mr. Wendell

Willkie, in an article approving the trade-agreements program in *Fortune Magazine* of April 1940, realized that short-time comparisons of trade results are not particularly informative. He said:

* * * It may be years before conclusive results can be shown. But it is inconceivable to us that prosperity can be reestablished without any foreign trade. And it seems clear that if we are to have foreign trade it must be done on a reciprocal basis. We, the most successful people in the world at business and industry, know that there are two parties to every trade, and that one cannot always profit at the expense of the other. It is of vital importance to us that the other party profit too.

In connection with Mr. Willkie's recorded support of the trade-agreements program I note from the press that George N. Peek has attempted to show Mr. Willkie "the error of his ways" on trade agreements. The *New York Times* of July 21, in reporting Mr. Peek's interview with Mr. Willkie, indicated that Mr. Peek read his well-known objections to the present administration's farm and trade-agreements program, for the benefit of the press, and stated:

During the reading of these points, Mr. Willkie appeared to disagree on many of them. When Mr. Peek assailed the administration's reciprocal-trade program the nominee interrupted to remind the reporters, "This is only Mr. Peek's viewpoint." Mr. Peek nodded and replied, "I am not trying to commit you on anything, Mr. Willkie."

From this it appears that Mr. Willkie still supports the trade agreements, and that in this interview he wanted it understood that he did not agree with Mr. Peek's criticism.

At this time of uncertainty when the trade routes outside the Americas have been disrupted by war, and world events foreshadow even greater disruption to world trade, with its attendant repercussions in the United States, maintenance and expansion of our trade with our South American sister republics is of vital importance to the welfare and prosperity of the entire country.

Again I say, the Nation owes a debt of gratitude to Cordell Hull for what he accomplished at Habana. [Applause.]

ADJOURNMENT

Mr. RAYBURN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 30 minutes p. m.), under its previous order, the House adjourned until Monday, August 5, 1940, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of the Committee on Immigration and Naturalization at 10:30 a. m. Wednesday, August 7, 1940, in room 445 House Office Building, for the consideration of refugee bills H. R. 10083, H. R. 8502, H. R. 8497, H. R. 10150, House Joint Resolution 580, and House Joint Resolution 581.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1861. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to the appropriation for the purchase, transportation, and distribution of agricultural, medical, and other supplies for the relief of refugee men, women, and children contained in section 40 (b) of the Emergency Relief Appropriation Act, fiscal year 1941 (H. Doc. No. 889); to the Committee on Appropriations and ordered to be printed.

1862. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to the appropriation for the Council of National Defense and allocations from the appropriations entitled "Emergency Fund for the President" (H. Doc. No. 890); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CARTER: Committee on Rivers and Harbors. H. R. 10247. A bill to authorize the use of a tract of land in Cali-

fornia known as the Millerton Rancheria in connection with the Central Valley project, and for other purposes; without amendment (Rept. No. 2812). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARTER of Ohio: Committee on Military Affairs. H. R. 8613. A bill to amend the act to provide for the retirement of disabled nurses of the Army and the Navy; without amendment (Rept. No. 2813). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAY: Committee on Military Affairs. S. 3619. An act relating to changes in the administration of the National Guard of the United States bearing on Federal recognition, pay, allotment of funds, drill, training, and so forth; without amendment (Rept. No. 2814). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LEA:

H. R. 10276. A bill to amend section 8 (a) of the Securities Act of 1933; to the Committee on Interstate and Foreign Commerce.

By Mr. MAY:

H. R. 10277: A bill to provide for the employment on active duty of retired personnel of the Regular Army, and for other purposes; to the Committee on Military Affairs.

H. R. 10278. A bill to authorize the discontinuance of professional examinations for promotion in the Regular Army of officers of the Medical, Dental, and Veterinary Corps during time of war or emergency declared by Congress; to the Committee on Military Affairs.

H. R. 10279. A bill to provide uniformity in temporary promotions in the Army of the United States in time of emergency; to the Committee on Military Affairs.

By Mr. McDOWELL:

H. R. 10280. A bill to amend the National Housing Act, as amended, so as to give protection to certain mortgagors who are required to render military or naval service during any national emergency; to the Committee on Banking and Currency.

By Mr. GREEN:

H. R. 10281. A bill to provide an appropriation to carry out the provisions of the act of August 15, 1914, regulating the sponge fisheries; to the Committee on Appropriations.

By Mr. MAY:

H. J. Res. 587. Joint resolution to provide for the strengthening of the national defense; to the Committee on Military Affairs.

By Mr. WHELCHER:

H. J. Res. 588. Joint resolution providing for the payment of war debts by the acquisition of funds in the United States and certain possessions in the Western Hemisphere of countries in default in the payment of such war debts; to the Committee on Ways and Means.

By Mr. McARDLE:

H. Res. 561. Resolution creating a special committee to investigate profiteering and ways and means of preventing same in connection with the tax measures passed by Congress to finance the national-defense program; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BREWSTER:

H. R. 10282. A bill for the relief of Karel Lederer; to the Committee on Immigration and Naturalization.

By Mr. GATHINGS:

H. R. 10283. A bill granting a pension to Alice F. Thomas; to the Committee on Invalid Pensions.

By Mr. GREEN:

H. R. 10284. A bill for the relief of J. H. Churchwell Wholesale Co., of Jacksonville, Fla.; to the Committee on Claims.

By Mr. HENNINGS:

H. R. 10285. A bill for the relief of Charles S. Ladinsky and Moe Kanner; to the Committee on Claims.

By Mr. SCHULTE:

H. R. 10286. A bill for the relief of Julius Yuhasz and Arvid Olson; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9095. By Mr. HOBBS: Petition of Campbell R. McCullough; to the Committee on Military Affairs.

9096. By Mr. REED of Illinois: Petition of Walter A. O'Brien, of Glen Ellyn, Ill., and some 400 signers, protesting against the usurpation by the President of the power of Congress to declare war; to the Committee on the Judiciary.

SENATE

MONDAY, AUGUST 5, 1940

Rev. Duncan Fraser, assistant rector, Church of the Epiphany, Washington, D. C., offered the following prayer:

O God, who declarest Thy almighty power chiefly in showing mercy and pity: Mercifully grant unto us such a measure of Thy grace, that we, running the way of Thy commandments, may obtain Thy gracious promises and be made partakers of Thy heavenly treasure. Through Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, August 1, 1940, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on July 31, 1940, the President had approved and signed the bill (S. 3200) to provide for the rank and title of lieutenant general of the Regular Army in the military departments of Panama and Hawaii.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calhoun, one of its reading clerks, announced that the House had passed without amendment the bill (S. 3998) to increase the credit resources of Commodity Credit Corporation.

The message also announced that the House had passed a bill (H. R. 10065) to provide for the registration and regulation of investment companies and investment advisers, and for other purposes, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Donahay	King	Reed
Andrews	Downey	La Follette	Reynolds
Ashurst	Frazier	Lee	Russell
Austin	George	Lodge	Schwartz
Bankhead	Gerry	Lucas	Schwellenbach
Barbour	Gibson	Lundeen	Sheppard
Barkley	Gillette	McKellar	Slattery
Bilbo	Green	McNary	Smathers
Bone	Guffey	Maloney	Taft
Bulow	Gurney	Mead	Thomas, Idaho
Burke	Hale	Miller	Thomas, Okla.
Byrd	Harrison	Minton	Thomas, Utah
Byrnes	Hatch	Murray	Tobey
Capper	Hayden	Neely	Townsend
Caraway	Herring	Norris	Vandenberg
Chandler	Hill	Nye	Van Nuys
Chavez	Holman	O'Mahoney	Wagner
Clark, Idaho	Holt	Overton	Wheeler
Connally	Hughes	Pepper	White
Danaher	Johnson, Calif.	Pittman	Wiley
Davis	Johnson, Colo.	Radcliffe	

Mr. MINTON. I announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Michigan [Mr. BROWN], the Senator from Missouri [Mr. CLARK], the Senator from Louisiana [Mr. ELLENDER], the Senator from Virginia [Mr. GLASS], the Senator from Nevada [Mr. McCARRAN], the Senator from South Carolina [Mr. SMITH], the Senator from Tennessee [Mr. STEWART], the Senator from Missouri [Mr. TRUMAN], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH] are unavoidably detained from the Senate.

Mr. AUSTIN. I announce that the Senator from Minnesota [Mr. SHIPSTEAD] and the Senator from New Hampshire [Mr. TOBEY] are necessarily absent.

The PRESIDENT pro tempore. Eighty-three Senators having answered to their names, a quorum is present.

EMERGENCY SUPPLEMENTAL ESTIMATES, NAVY DEPARTMENT (S. DOC. NO. 267)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States, transmitting emergency supplemental estimates of appropriations for the Navy Department and the naval service, fiscal year 1941, totaling \$28,786,000, plus contract authorizations totaling \$19,075,000 which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

CLAIM OF J. L. SUMMERS, DECEASED

The PRESIDENT pro tempore laid before the Senate a letter from the Administrator of the Federal Works Agency, transmitting a draft of proposed legislation for the relief of J. L. Summers, deceased, former disbursing clerk, Division of Disbursement, Treasury Department, which, with the accompanying paper, was referred to the Committee on Claims.

SPECIAL FINDINGS AND OPINIONS OF COURT OF CLAIMS (S. DOC. NO. 266)

The PRESIDENT pro tempore laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting certified copies of the special findings of fact and opinions filed by the court in the following cases, which, with the accompanying papers, was referred to the Committee on Claims and ordered to be printed:

Congressional, No. 17450, E. A. Wailes, receiver of Delta Oil Co. against the United States; and

Congressional, No. 17468, Tupelo Oil & Ice Co. to the use of Tupelo Oil & Gin Co., Inc., against the United States.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate telegrams in the nature of memorials from sundry citizens of San Francisco and San Pedro, Calif., remonstrating against the enactment of selective compulsory military training legislation, which were referred to the Committee on Military Affairs.

He also laid before the Senate a telegram in the nature of a memorial from the Women's Council of the Hollywood League for Democratic Action, Los Angeles, Calif., remonstrating against the enactment of selective compulsory military training legislation, which was referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by the Nineteenth Congressional District Convention of Labor's Non-Partisan League, at Santa Ana, Calif., protesting against the enactment of selective compulsory military training legislation, which was referred to the Committee on Military Affairs.

He also laid before the Senate a letter in the nature of a memorial from Mrs. J. L. Rockridge, a citizen of the United States, remonstrating against the enactment of selective compulsory military training legislation, which was referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by the convention of the North Central Association of Secretaries, Commissioners, and Directors of Agriculture, at Deadwood, S. Dak., favoring ratification by the Senate of all proposed trade agreements in the same manner as treaties are ratified, which was referred to the Committee on Agriculture and Forestry.